UMASS/AMHERST
312066 0344 1974 5
354.91
U58
1935/36

House Document No. 287

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE FIRST REPORT OF THE UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS COVERING THE PERIOD FROM NOVEMBER 15, 1935, TO DECEMBER 31, 1936

JULY 12, 1937.—Referred to the Committee on Insular Affairs and ordered to be printed with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1937

75th Congress, 1st session . . . . . House Document No. 287

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE FIRST REPORT OF THE UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS COVERING THE PERIOD FROM NOVEMBER 15, 1935, TO DECEMBER 31, 1936

JULY 12, 1937.—Referred to the Committee on Insular Affairs and ordered to be printed with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1937

STACK
354.91
U58
1935/36

LETTER OF TRANSMITTAL

To the Congress of the United States:

As required by section 7 (4) of the act of Congress approved March 24, 1934, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes", I transmit herewith, for the information of the Congress, the first report of the United States High Commissioner to the Philippine Islands covering the period from November 15, 1935, to December 31, 1936.

I concur in the recommendation of the Secretary of War that this report be printed as a congressional document.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
July 12, 1937.

LETTER OF SUBMITTAL

War Department,
Washington, July 7, 1937.

The President,
The White House.

Dear Mr. President: I enclose the first annual report of the United States High Commissioner to the Philippine Islands covering the period from November 15, 1935, to December 31, 1936, together with drafts of messages for your signature transmitting it to the Congress as required by section 7 (4) of the act of Congress approved March 24, 1934, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes."

I believe that this report should be printed, as it contains valuable and historical information, and I so recommend.

Respectfully yours,

Harry H. Woodring,
Secretary of War.

Digitized by the Internet Archive
in 2009 with funding from
Boston Library Consortium Member Libraries

http://www.archive.org/details/messagefrompresi3536unit

REPORT OF THE UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS, COVERING THE PERIOD FROM NOVEMBER 15, 1935, TO DECEMBER 31, 1936

THE UNITED STATES HIGH COMMISSIONER
TO THE PHILIPPINE ISLANDS,
Manila, December 31, 1936.

SIR: Pursuant to the provisions of section 7 (4) of the act of Congress of March 24, 1934, providing that the United States High Commissioner shall annually render an official report to the President and Congress of the United States, I have the honor to submit herewith a report covering the period from November 15, 1935, to December 31, 1936. At the time of writing this report, complete information as of December 31, 1936, was not available. This statement relates particularly to the section on "Public Finance." This fact has been duly noted in the specific sections to which it applies. Later reports will be submitted to supplement these incomplete sections.

It will be noted that this report covers a period of more than a year. Because the Commonwealth Government's reports are on a calendar year basis, it seems desirable to place the annual reports of the High Commissioner on the same basis. In bringing this report down to December 31, 1936, this objective is realized.

As stated in the Governor General's annual report for 1935, the objectives of the administration during that year were to effect the transition from the form of government established by the Organic Act of 1916 to that provided for by the Tydings-McDuffie Act of 1934, in an orderly manner; and to continue the efforts to give the Commonwealth Government a sound financial position. These two purposes were realized.

I. INAUGURATION OF THE COMMONWEALTH

On November 15, 1935, the ceremonies inaugurating the Commonwealth of the Philippines brought to a close the Philippine Government established under the Organic Act of 1916. These ceremonies were attended by a large number of distinguished American officials, other guests of the Commonwealth, and visitors. The following were present:

1. *The official and personal representative of the President of the United States, and party—*

Hon. George H. Dern, Secretary of War, and Mrs. Dern.
Mrs. Mary Dern Baxter.
Miss Elizabeth Ida Dern.
Mr. James Dern.

Brig. Gen. Creed F. Cox, Chief, Bureau of Insular Affairs.
Col. Campbell B. Hodges, aide de camp.
Maj. Harry A. Bishop, medical aide.
Capt. Harry J. Abbett, U. S. S. *Chester*.
Mr. Floyd L. Johnson, secretary to Mr. Dern.
Mrs. L. M. Pool, secretary to General Cox.
Mr. Earl Thacker, personal representative of the Governor of Hawaii.

2. *Official guests of the Philippine Government—*

Congressional Delegation:
Hon. John N. Garner, Vice President of the United States, and Mrs. Garner.
Hon. Joseph W. Byrns, Speaker of the House of Representatives, and Mrs. Byrns.
Senator and Mrs. Henry F. Ashurst.
Senator and Mrs. Joseph T. Robinson.
Senator and Mrs. William H. King.
Senator and Mrs. Park Trammell.
Senator and Mrs. Burton K. Wheeler.
Senator and Mrs. Gerald P. Nye.
Senator Tom Connally.
Senator and Mrs. James F. Byrnes.
Senator and Mrs. Matthew M. Neely.
Senator and Mrs. Warren R. Austin.
Senator Robert R. Reynolds.
Miss Francis J. Reynolds.
Senator and Mrs. Bennett Champ Clark.
Senator and Mrs. Nathan L. Bachman.
Senator and Mrs. F. Ryan Duffy.
Senator Ernest W. Gibson.
Miss Doris Gibson.
Senator and Mrs. Edward R. Burke.
Senator and Mrs. Sherman Minton.
Congressman and Mrs. Robert L. Doughton.
Congressman Allen T. Treadway.
Congressman and Mrs. Bertrand H. Snell.
Congressman and Mrs. Arthur H. Greenwood.
Congressman and Mrs. Sam D. McReynolds.
Congressman and Mrs. Robert A. Green.
Congressman and Mrs. Lloyd Thurston.
Congressman and Mrs. Lindsay C. Warren.
Congressman and Mrs. Wilburn Cartwright.
Congressman and Mrs. Joe L. Smith.
Congressman and Mrs. R. E. Thomason.
Congressman and Mrs. Henry Ellenbogen.
Congressman Leo Kocialkowski.
Congressman and Mrs. A. Willis Robertson.
Congressman and Mrs. C. Jasper Bell.
Congressman and Mrs. W. Sterling Cole.
Congressman and Mrs. Fred L. Crawford.
Congressman and Mrs. John J. Dempsey.
Congressman and Mrs. Don Gingery.
Congressman and Mrs. Bert Lord.

Congressman and Mrs. Dan R. McGehee.
Congressman and Mrs. George H. Mahon.
Congressman and Mrs. Louis C. Rabaut.
Congressman and Mrs. Elmer J. Ryan.
Congressman and Mrs. Karl Stefan.
Congressman and Mrs. Santiago Iglesias.

United States Military Mission:
Gen. Douglas MacArthur, U. S. A.
Mrs. Arthur MacArthur, Sr.
Mrs. Arthur MacArthur, Jr.
Maj. and Mrs. J. B. Ord.
Maj. and Mrs. Howard J. Hutter.
Maj. Dwight D. Eisenhower.
Capt. Thomas Jefferson Davis.

Special guests:
Hon. Francis Burton Harrison (former Governor-General of the Philippine Islands) and Mrs. Harrison.
Hon. Harry B. Hawes (former United States Senator) and Mrs. Hawes.
Miss Peyton Elizabeth Hawes.
Gen. Frank McIntyre (former Chief, Bureau of Insular Affairs).
Mr. and Mrs. Leslie L. Biffle.
Mr. and Mrs. Emil Hurja.
Mrs. Carl Shoemaker.
Miss Frances Wheeler.
Mr. Ben Conally.
Miss Sarah Louise Snell.
Miss Doralyn Cartwright.
Miss Wilburta Cartwright.
Miss Daphney Mahon.

Representatives of the American press:
Mr. Carl W. Ackerman (dean, Columbia School of Journalism), Mrs. Ackerman, and son.
Mr. Sevellon Brown (Providence Journal), Mrs. Brown, and daughter.
Mr. Erwin D. Canham (Christian Science Monitor) and Mrs. Canham.
Mr. R. P. Cronin (Associated Press).
Mr. Sterling Fisher (New York Times).
Mr. Mark Foote (Michigan Booth newspapers), president, National Press Club.
Mr. Arthur W. Hachten (International News Service) and Mrs. Hachten.
Mr. George Wright Hawkins (St. Louis Star Times).
Mr. Jack Howard (Washington Daily News) and Mrs. Howard.
Mr. Roy W. Howard, publisher (Scripps-Howard Newspapers), Mrs. Howard, and daughter.
Mr. Clark Howell (Atlanta Constitution).
Mr. Gene Huse (Norfolk Daily News) and Mrs. Huse.
Mr. Walter Karig (Newark Evening News) and Mrs. Karig.
Mr. Ben McKelway (Washington Star).
Mr. Chesly Manly (Chicago Tribune).

Mr. Burrows Matthews (Buffalo Courier Express) and Mrs. Matthews.
Mr. Frederick Nelson (Baltimore Sun).
Mr. Marlin E. Pew (New York editor and publisher).
Mr. William Philip Simms (Scripps-Howard Newspaper Alliance).
Mr. Donald J. Sterling (Portland Journal).
Mr. John Thomson (San Francisco News).
Mr. William Allen White (Emporia Gazette) and Mrs. White.

3. *The inaugural ceremonies.*—The inaugural ceremonies were held in front of the legislative building and facing the old walled city. The program, which had been carefully planned, was followed without any untoward event. As soon as the high dignitaries were seated, His Grace, the Most Reverend Gabriel Reyes, D. D., Archbishop of Cebu, read the invocation. Secretary of War Dern, as the personal and official representative of the President of the United States, delivered a memorable address in which he acclaimed the progress of democracy in the Islands, laid emphasis on the fact that all the agencies of local government were passing to Filipino control, and pointed out the interdependency of the sovereign power and the autonomous Philippine Commonwealth. This was followed by the proclamation of the President of the United States announcing the result of the election of the officers of the Commonwealth, and proclaiming the termination of the existing Philippine Government and inaugurating the Government of the Commonwealth of the Philippines as provided under the Constitution thereof. This proclamation was read by me at the request of Secretary Dern. The oaths of office were then administered to President-elect Quezon, Vice President-elect Osmeña and the members-elect of the National Assembly, by the Honorable Ramon Avanceña, Chief Justice of the Supreme Court. Secretary Dern then promulgated the proclamation of the President of the United States. Thereupon President Quezon delivered his inaugural address. A lengthy parade which was reviewed by the President closed the program.

The addresses of the Secretary of War and the Commonwealth President are quoted in full in a communication from the President of the United States to Congress, transmitting a compilation of documents relating to the inauguration of the Commonwealth, which was printed as House Document No. 400, a copy of which is attached as an appendix to this report.

The largest mass assembly ever to gather in Manila at any one time, estimated by the police at a quarter of a million people, crowded the area around the ceremonial stand to view the inauguration and the parade. Radio broadcasts carried the proceedings to the United States and the neighboring Asiatic countries.

II. High Commissioner's Office

4. *Personnel.*—The personnel of the High Commissioner's office was selected during the last months of the old regime, largely from the staff and employees of the Governor-General's Office. It consists of six Presidential appointees, certain United States Army and Navy officers detailed as aides and assistants to the High Commissioner, Civil Service employees transferred from the Philippine

to the Federal Service, and other local American and Filipino employees. The policy concerning personnel obviated the necessity of bringing employees from the United States. The High Commissioner's Office entered upon its duties on the same day the Commonwealth was inaugurated. The High Commissioner himself took the oath of office the preceding day. A list of the original personnel appointed by the President follows:

Frank Murphy, United States High Commissioner.
Edward G. Kemp, Legal Adviser.
J. Weldon Jones, Financial Expert.
Evett D. Hester, Assistant Financial Expert.
Norman H. Hill, Administrative Assistant.

During the month of January 1936 George A. Malcolm, formerly Associate Justice of the Philippine Supreme Court, joined the staff under Presidential appointment, as Assistant Legal Adviser.

Having been elected Governor of Michigan in the recent elections, my resignation as United States High Commissioner to the Philippine Islands was accepted by the President of the United States, effective December 31, 1936. The following personnel resigned from the staff of the High Commissioner on the same date:

Edward G. Kemp, Legal Adviser.
Norman H. Hill, Administrative Assistant.
William Teahan, private secretary.
Eleanor Bumgardner, assistant chief clerk and secretary-stenographer.

5. *Residence and office for the United States High Commissioner.*—In the deficiency bill approved on August 12, 1935, there appears the following provision:

> Construction of buildings for United States representative in the Philippine Islands: For the necessary housing for office and residence purposes for the establishment of the United States Representative in the Philippine Islands, including the acquisition of land, the purchase, construction, and reconstruction of buildings, and the procurement of furniture, furnishings, and equipment, as authorized by the Act approved June 24, 1935, to remain available until expended, $750,000.

The Philippine Government, prior to the inauguration of the Commonwealth Government, had, by the passage of Act No. 4204, made available for the use of the High Commissioner until such time as a suitable residence was constructed, the property known as Mansion House at Baguio, which had previously been used as a summer residence of the Governor General. The last Philippine Legislature, in Public Act 4269, approved November 8, 1935, provided for the reclamation of a certain area of land in Manila Harbor to be used as a site for the residence and offices of the High Commissioner. This particular area is located along Dewey Boulevard, near the Luneta. A contract was let on December 26, 1935, for the construction of a retaining wall for this area, and the wall was finished in December 1936.

The selection of this site was influenced by the consideration that the United States acquires in this fill a very valuable property at comparatively little cost. Adjacent land along Dewey Boulevard is worth, at a very conservative estimate, 60 pesos a square meter. The last sale, the land now occupied by the Bay View Hotel, was at 100 pesos a square meter. The sea wall will cost the United States approximately 100,000 pesos, and the 69,406 square meters of land

thus reclaimed will be worth more than 4,000,000 pesos. Furthermore, should the United States need more land at any time in the future, the fill could probably be extended southward along the boulevard adjacent to the present property.

It is expected that the filling of the area, which is estimated to require approximately 6 months, will be started early in 1937. The plans for the residence and office space were drafted in Manila and forwarded to Washington for approval by the War and State Departments. These plans are still awaiting final approval.

As mentioned above, Act No. 4204 immediately provided suitable quarters and offices in Baguio for the High Commissioner and a small staff. However, it was necessary for the larger part of the High Commissioner's staff to be in Manila and for the High Commissioner himself to have at least temporary living quarters there. The finding of suitable quarters of this nature in Manila presented a difficult problem. The best arrangement that could be made was to rent one wing of a building belonging to the local Elks Club for office space, and to rent a suite of rooms at the Manila Hotel for residence quarters of the High Commissioner when in Manila.

6. *Finances of the High Commissioner's Office.*—The following provision for the establishment and maintenance of the office of the High Commissioner for the fiscal year 1936 was included in the deficiency bill approved March 21, 1935:

United States High Commissioner to the Philippine Islands: For the establishment and maintenance of the office of the United States High Commissioner to the Philippine Islands as authorized by subsection 4 of section 7 of the Act approved March 24, 1934 (48 Stat. 456), including salaries and wages; rental, furnishings, equipment, maintenance, renovation, and repair of office quarters and living quarters for the High Commissioner; supplies and equipment; purchase and exchange of law books and books of reference, periodicals, and newspapers; traveling expenses, including for persons appointed hereunder within the United States and their families, actual expenses of travel and transportation of household effects from their homes in the United States to the Philippine Islands, utilizing Government vessels whenever practicable; purchase, operation, maintenance, and repair of motor vehicles, including not to exceed $4,500 for the purchase of three passenger-carrying automobiles, and all other necessary expenses, fiscal year 1936, $165,000, to be immediately available; of which amount not exceeding $10,000 shall be available for expenditure in the discretion of the High Commissioner for maintenance of his household and such other purposes as he may deem proper: *Provided*, That the salary of the legal adviser and the financial expert who may be appointed hereunder shall not exceed the annual rate of $12,000 and $10,000 each, respectively: *Provided further*, That section 3709 of the Revised Statutes (U. S. C., title 45, sec. 5), shall not apply to any purchase or service rendered under this appropriation when the aggregate amount involved does not exceed the sum of $100.

Of the appropriations above mentioned, a total of $115,265.64 was spent or obligated up to June 30, 1936, distributed as follows:

1. Personnel	$59,844.30
2. Travel and transportation	8,843.02
3. Supplies	4,140.47
4. Equipment	18,976.95
5. Repairs	5,271.75
6. Rents	11,458.33
7. Utilities	670.64
8. Communication service	1,701.13
9. Special and miscellaneous expenses	4,359.05
Total	115,265.64

For the fiscal year 1937, an appropriation of $161,600 was made available, distributed as follows:

1. Pay of personnel	$107,200.00
2. Travel of personnel	4,000.00
3. Transportation of things	1,000.00
4. Office supplies	3,000.00
5. Operation of three automobiles	1,200.00
6. Repairs to offices	250.00
7. Repairs to automobiles	250.00
8. Rent of offices and residence	30,000.00
9. Heat, light, electricity, water, etc	1,200.00
10. Communication service	3,500.00
11. Discretionary fund	10,000.00
Total	161,600.00

7. *Passport administration.*—The High Commissioner's office during the period from November 15, 1935, up to and including November 14, 1936, issued 1,990 passports, of which 942 were issued to American citizens and 1,047 to citizens of the Philippine Commonwealth and 1 to an inhabitant of Guam. During the same period 609 passports were renewed; 468 American, and 141 Filipino. A total of 56 were extended; 38 American, and 18 Filipino. A total of 214 passports were amended; 138 American, and 76 Filipino. Fees covering the above services, in the amount of $17,020, were collected and transmitted to the United States Treasury.

8. *Registration of United States citizens.*—A number of American citizens of long residence in the Philippines have more or less lost touch with their people and relatives in the United States. With the inauguration of the Commonwealth Government, the question of their citizenship began to be a matter of concern to them. The High Commissioner's office made arrangements with the Department of State to consider applications of such persons for registration as American citizens. Eighty-two applications were received, most of which have been approved by the Department of State. These citizens, most of whom were ex-soldiers who, prior to this year, had no real proof that they were American citizens, now have definitely established their own status and that of their children. In this manner, a real service was performed for many American residents of the Philippines.

9. *Filipino emigration.*—The question of Filipino emigration to the United States, which is handled by an American vice consul stationed at Manila, does not directly affect the office of the High Commissioner. However, the High Commissioner received many inquiries regarding certain phases of the law. Mr. Henry B. Day, who was on duty as vice consul during the greater part of the year, was succeeeded in September by Mr. Forrest K. Geerken.

10. *Laws affecting the High Commissioner's office.*—The basic law creating the Office of the United States High Commissioner to the Philippine Islands and outlining its functions is the act of Congress of March 24, 1934, popularly referred to as the Tydings-McDuffie Act. Of great significance to the Office of the High Commissioner is the Constitution of the Philippines which went into effect coincident with the inauguration of the Commonwealth on November 15, 1935. The Tydings-McDuffie Act has been supplemented by acts of Congress of June 24, 1935 and August 12, 1935, authorizing the

construction of buildings for the United States representative in the Philippines and appropriating the sum of $750,000 for this purpose, and by an act of Congress of June 5, 1936, authorizing the President of the United States to designate an Acting High Commissioner to the Philippine Islands.

11. *Additional duties vested in the High Commissioner.*—Additional duties have been given to the High Commissioner pursuant to specific authority conferred on him by the President of the United States. On October 28, 1935, the President authorized the High Commissioner to perform the same duties relative to the issue, amendment, renewal, and extension of passports in the Commonwealth of the Philippines as had theretofore been performed by the Governor General of the Philippine Islands. On November 14, 1935, the President prescribed the documentary requirements for aliens desiring to enter the Philippines. On November 7, 1935, the President designated and empowered the High Commissioner, with such officials and employees as he may designate, to act as "The United States Sugar Authority in the Philippine Islands." Previously, on October 19, 1935, at the request of the Secretary of Agriculture of the United States, he had delegated to the High Commissioner the duty of making allotments of sugar under the provisions of the Agricultural Adjustment Act, as amended. Under date of April 15, 1936, the President delegated to the High Commissioner certain duties and functions in alien deportation matters. In an Executive order dated September 11, 1936, the President delegated to the High Commissioner duties and functions in connection with proceedings involving the extradition of fugitives from justice to and from the Commonwealth of the Philippines. On August 11, 1936, the Secretary of State of the Federal Government, with the approval of the President, delegated authority to the High Commissioner to issue licenses for the export and import of arms, ammunition, and implements of war from and into the Philippines.

12. *Court decisions and administrative rulings.*—In only one case has the United States Supreme Court thus far considered legislation directly affecting the Commonwealth of the Philippines. In this case, that of the *Asiatic Petroleum Co.* v. *the Insular Collector of Customs*, decided March 30, 1936, it was held that a previously existing Philippine Tariff Act was not repealed by the provisions of the Tydings-McDuffie law for the reason that this law operated only to repeal laws dealing with administrative agencies and their procedure which would be inconsistent with the new frame of government.

In an opinion of the Secretary of Justice dated February 4, 1936, the right of United States citizens to file mining claims and obtain patents on a basis of equality with Philippine citizens under the Philippine Constitution was confirmed, over-ruling a contrary opinion of a provincial fiscal.

The most important of the internal regulations promulgated by the High Commissioner are those governing leave of absence for employees which have been made to conform to regulations on the same subject issued by the War Department.

Some uncertainty has existed with reference to the applicability of the Federal Securities and Exchange Commission Act of 1934 to the Philippines, and no steps have been taken to enforce the act locally, pursuant to a ruling by counsel for the Commission.

13. *The United States High Commissioner called to Washington.*—Having been advised by radiogram on May 2 that the President desired me to come to Washington to report upon and discuss Philippine affairs, I sailed on May 13, accompanied by the following members of my staff: Mr. Edward K. Kemp, Legal Adviser; Col. Frederick W. Manley, Liaison Officer; Mr. William Teaham, and Miss Eleanor G. Bumgardner, secretaries.

14. *Designation of an officer to act in the High Commissioner's absence.*—Inasmuch as the act of Congress providing for the appointment of an Acting High Commissioner had not been signed by the President at the time of my departure, it was necessary to designate an officer to perform the local duties of the office, signing for and in the name of the High Commissioner. On May 13, 1936, I signed Administrative Order No. 1 designating Mr. J. Weldon Jones, Financial Expert, to administer for and in the name of the High Commissioner. On September 5, this designation was changed by the President to Acting High Commissioner, pursuant to the act of Congress above mentioned. (See par. 10.)

15. *Personal relations between the High Commissioner and the President of the Commonwealth.*—In a situation requiring cooperation such as exists between the Government of the Philippine Commonwealth and the representative in Manila of the administration at Washington, cordial relations and a spirit of mutual helpfulness are essential. The following statement of the President of the Philippines, released to the press on the morning the High Commissioner departed to the United States (May 13, 1936) is therefore a matter of public interest:

I deeply regret to see High Commissioner Murphy go. We have become such close friends that I shall miss him. But I know that his trip will be productive of beneficial results for the Philippines, and this makes me feel very hopeful of the future.

No man is absolutely necessary for the success of a government. This of course may be applied equally to High Commissioner Murphy and to the present Chief Executive of the Philippines, or to anyone who occupies a high and responsible position in a government. But without in any way exaggerating my sentiments in the matter, I can at least say for Commissioner Murphy that as long as he is High Commissioner to the Philippines, I am perfectly confident that nothing untoward in the relations between the United States and the Philippines, or between the American Government and that of the Commonwealth, will eventuate.

The economic and financial problems confronting the Philippines are of such import that it will require perfect cooperation between the United States and the Philippines to properly solve them. High Commissioner Murphy is fully alive to the requirements of the situation and I am very sure that nothing will be left undone by him that may contribute to the successful solution of these problems.

As everyone knows, one of my criticisms of the Hare-Hawes-Cutting law, as well as of the McDuffie-Tydings law, since in this particular case the two laws are exactly identical, is on the creation of the office of the High Commissioner, and on the powers vested in the President that may be exercised through the High Commissioner, for I fear that with a High Commissioner lacking in a large vision and true statesmanship, the whole purpose of the Independence Act may be, if not completely defeated, at least so seriously jeopardized as to make its achievement very difficult. The tact, wisdom, and statesmanship of High Commissioner Murphy have made the position of High Commissioner one of great usefulness and help to the Philippines; and this is because he and I have been able to look upon our respective duties from the same angle, and feel equally that we have the same purpose in view, namely, to make a success of this great humanitarian enterprise. We feel that we are partners, that what will make a success for the High Commissioner

will also make a success for the President of the Philippines, and that what will be a credit to the government of the Commonwealth will also be a credit to the High Commissioner. He and I realize that the good names of both America and the Philippines are involved in the task that our two countries have placed in our hands to perform, and each of us is trying to do his best to place our respective countries in a position where the world will have no reason for belittling either the purpose or the method employed in achieving it.

High Commissioner Murphy has always been very generous in his appraisal of the Filipinos and their leaders. He is so modest that he has given most of the credit for what has been done in the Philippines during his term as Governor General, and since then as High Commissioner, to our people and their representatives in the Government.

As a matter of fact, it is his very wise counsel, and his unselfish devotion to our liberty and welfare, which have been a constant inspiration to those privileged to work with him.

As for me, I can only say that my ardent prayer is that I may be allowed to close my administration having as High Commissioner of the United States in the Philippines the present incumbent of that office.

16. *Two self-explanatory letters.*—President Franklin D. Roosevelt and High Commissioner Frank Murphy, on July 9, exchanged the following self-explanatory letters:

The High Commissioner's letter to the President:

Believing that continuance of your leadership and success of the Democratic Party in the coming State and National elections are of first importance to the people of Michigan and the country at large, I have decided to make myself available to the Democratic Party as a candidate for the office of Governor of Michigan in the event I should be chosen by the party as its candidate in the primary in September.

This decision was reached after careful consideration and numerous conferences with party leaders of my own State who assured me that my candidacy would meet with general approval of members and friends of the Democratic Party in Michigan and would materially promote the success of our cause.

Subject to your approval, therefore, I tender herewith my resignation from the office of the United States High Commissioner to the Philippine Islands, effective at your pleasure.

In taking this step I desire to express my gratitude for the privilege of representing our Government in the Philippines, first as Governor General and later as High Commissioner, at a time when high ideals of public service and sound practice in governmental finance were being established for the young nation.

We have been privileged to help a people toward their freedom. Under your sympathetic direction, the affairs of 14,000,000 people in a large and important possession on the other side of the world have been administered with due regard to their national ideals and aspirations and with a high sense of trusteeship for their economic and political welfare. It has been our constant aim to accord them fair treatment and equal consideration with our own people and all others owing allegiance to the American flag and authority.

Important problems still are pending solution, one of which is satisfactory settlement of future economic relations and conditions of trade between the two countries. It is to be hoped that these and other matters affecting the future welfare and security of the Philippine people will be settled on the basis of permanent interest and friendship creditably to ourselves and our posterity.

The Philippine people may be assured of my faith in them and my continuing interest in their welfare and the success of their government and my confidence in happy consummation of our present enlightened policy of mutual respect and good will.

With firm belief in our cause and assurance of my high personal regard, I remain,

Very respectfully,

FRANK MURPHY.

The President's letter to the High Commissioner:

I received with mixed feelings your letter of resignation.

While I regret the circumstances which prompt you to relinquish the great office of High Commissioner in the Philippine Islands, the sense of regret is tempered by the thought that your action may pave the way for your utiliza-

tion in other fields of varied and diverse talents which you so successfully exercised in the discharge of your duties in the Pacific archipelago. For the way in which you performed your duties I have only highest praise. Great events have taken place during your tenure, first as Governor General and latterly as High Commissioner.

You have guided with integrity, sympathy, understanding, tact, and discretion the aspirations of people numbering more than 14,000,000 souls in their struggle to achieve nationhood. You have, by wise exercise of powers conferred upon you not only justified my highest expectations but you have done a service for your country and for the cause of humanity. As a result of your efforts there has grown up between the United States and the Philippines a feeling of cordiality and mutual trust without parallel in the history of relations between a sovereign and a dependent people.

This mutual cordiality and good will have been achieved without sacrificing other considerations. On the practical side of affairs you have balanced the budget while at the same time you have set high ideals of social justice and social responsibility.

These are some of the considerations that come to mind now that you have signified your desire to be relieved of your duties. In all circumstances, therefore, I feel that I cannot do otherwise than hold your resignation in abeyance with the understanding that, effective September 5 next, you will be given a leave of absence of 2 months without pay. Meanwhile, if developments should compel at a later date reluctant acceptance of your resignation, I shall find reassurance in the fact that your superb knowledge of Philippine affairs, as well as the rich experience you gained, will be available always through the wise counsel you can give us in time to come.

With renewed assurance of my personal regard, I am,

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

17. *Two self-explanatory radiograms.*—Just before the above-quoted letters came to the knowledge of the President of the Commonwealth, he sent the following radiogram to the President of the United States:

Without any desire to interfere with your plans, I beg to be permitted to express the hope that Commissioner Murphy may be retained as High Commissioner. He has been, and we are sure will continue to be, of great assistance to our government, especially during the formative period of Philippine-American relations under the Tydings-McDuffie law.

Respectfully,

MANUEL L. QUEZON.

Immediately after the exchange of letters between President Roosevelt and me, I sent the following radiogram to the President of the Philippine Commonwealth:

Although have decided to enter Michigan contest, Philippine duties will continue for some time to be my primary concern. Every Philippine interest, everything necessary for welfare and security of Philippine people, will have my zealous care and attention. Greatly appreciate your attitude and all you have done. Please say to Filipino people for me: "Although I have felt obliged to subordinate my personal preference to the interest of my party in Michigan, your interest will not be forgotten nor neglected. My deep regard and affection for the Filipino people have not changed nor abated. Your welfare and security will continue to be my concern and responsibility."

FRANK MURPHY.

III. LEGISLATION

18. *Sessions of the National Assembly.*—During the period covered by this report there were three sessions of the National Assembly: a special session from November 25 to December 21, 1935 (known as the inaugural session); a regular session from June 16 to October 9, 1936; and a special session from October 19 to October 30, 1936.

2519—37——2

19. *Laws passed.*—Each of the 19 acts passed at the inaugural session of the National Assembly and approved by the President of the Philippines was important. This legislation included the National Defense Act; the creation of the National Economic Council; the reduction of the number of Justices of the Supreme Court from 11 to 7 and the creation of the Court of Appeals; provision for the redemption of Manila Railroad Co. bonds; the granting of authority to the President to effect reforms in the executive departments; the creation of a National Loan and Investment Board; provision for the appointment, qualifications, compensation, and expenses of the Resident Commissioner of the Philippines to the United States; the vesting in the President of the Philippines of power over the Government-owned companies; the reduction of the salary of the Speaker of the National Assembly to 12,000 pesos annually, and various appropriation measures (see sec. V, Public Finance).

The first regular session of the National Assembly and a special session which closely followed it were equally productive of new and significant legislation. Among the most important acts may be mentioned the following: The modification of the various pension systems of the Bureau of Education, the Bureau of Health, and the Philippine Constabulary; the substitution of a new insurance system for Government employees and the abolishment of accrued leave; the encouragement of aviation by various measures, including the institution of a Bureau of Aeronautics; the purchase of the Ayuntamiento from the city of Manila for the use of the National Government, thus enabling the city of Manila to erect a new city hall; provision for the purchase of primary textbooks and their printing in the Philippines; the incorporation of the Boy Scouts; the abolishment of the Bureau of Non-Christian Tribes and the creation in lieu thereof of a Commissioner for Mindanao and Sulu with the rank and salary of Undersecretary of Department; the granting of special charters to Cebu, Iloilo, Zamboanga, and Davao; provision for the taking of a new census; the grant of Philippine citizenship to the Honorable Francis Burton Harrison; the extension of the civil-service system; the creation of the Court of Industrial Relations; the sanctioning of daylight-saving time; the granting of authority to the Manila Railroad Co. to discontinue certain of its lines; the creation of a Board of Documents to have charge of the examination and disposal of old public records; the postponement of the holding of election of provincial, city, and municipal officials until 1938, the incumbents to continue in office unless their successors be appointed by the President of the Philippines; the appropriation of funds to participate in the expositions at Nagoya, Japan, and Paris, France; the transfer of the agencies of financial administration in the provinces from the Department of the Interior to the Department of Finance; the creation of a division of G-men in the Department of Justice; the legitimation of labor organizations; the approval of a Public Land Act intended to nationalize resources; the organization of a language institute to develop a national language; authorization for a new national charity lottery; the creation of a Bureau of Mines and approval of a new Mining Act; the fixing of minimum wages for Government laborers at 30 pesos a month; the authorization of a plebiscite on women's suffrage as contemplated by the Constitution;

the organization of a state police force; the fixing of the Presidential succession; provision for an office of private education to be headed by the Director of Private Education; reorganization of the Public Service Commission; passage of a public works bill; authorization for the Manila Railroad Co. to build new hotels; provision for reforestation; authorization of a rice and corn fund; the divesting of the Society for Prevention of Cruelty to Animals of its police powers; provision for a Securities and Exchange Commission; extending scope of sedition laws and imposition of graver penalties for sedition; authorization of the subdivision of Friar lands; prohibition of the hunting of tamarao; increases of various taxes; and provision for the holding of a trade conference between the United States and the Philippines. The date for the opening of the National Assembly, which was originally fixed for June 16 of each year by Commonwealth Act No. 17, was subsequently changed by Commonwealth Act No. 49 to October 16.

A number of bills were passed which require the approval of the President of the United States because they affect exports. Among these were bills prohibiting the exportation of buntal fiber; increasing duties on imported beer, aerated waters, and certain nonalcoholic beverages; exempting natural rock asphalt from the payment of wharfage charges; empowering the President of the Philippines to increase or decrease the rates of duty on imported products within specified limits; concerning the shipment or exportation from the Philippines of shells; and authorizing the imposition of duties on eggs according to gross weight instead of net weight, to correct an inadvertent omission in the tariff law.

IV. EXECUTIVE AND ADMINISTRATIVE

20. *National defense.*—The first preoccupation of the President of the Commonwealth was the national defense. In his speech of July 20, 1935, accepting his nomination for President, he said:

> I favor preparedness for national defense. We cannot afford to have, nor do I approve of, a large standing army or costly military establishments, but we must have a regular army of sufficient size for our requirements and a trained citizenry ready to be drafted into service in any emergency. For the proper planning of our defenses and the organization and training of our regular and citizen army I shall secure the best expert advice.

He had already taken steps to secure expert advice. He stated to the National Assembly in his message delivered at the opening of its inaugural session that he had, while in the United States in March 1935, presented to the President of the United States the problem of national defense confronting the proposed Philippine Commonwealth and had requested the detail of Gen. Douglas MacArthur as head of a military mission to advise the Commonwealth government on the subject. Such detail was made possible by an act of Congress approved on May 14, 1935, and General MacArthur, with the staff named on page 4 of this report, arrived in Manila in time to attend the inauguration of the Commonwealth.

Commonwealth Act No. 1, establishing a system of national defense, was prepared with the advice of the Military Adviser. It is not necessary to report here the plans and organization contemplated in this act, because they are on record in the War Department.

21. *Reorganizations in the executive branch.*—Commonwealth Act No. 5 provided for a Survey Board whose duties were to make a factual survey of all departments of the public service and to make recommendations to the Commonwealth President for their reorganization. The act gave to the President authority to effect such reforms as he saw fit during a period of 6 months. Under this authority he created a Budget Commission, reorganized the Bureau of Civil Service and the Bureau of Justice and transferred the navigation division from the Bureau of Commerce to the Bureau of Customs.

The Budget Office was created by executive order. It is under the direct supervision of the President and in charge of the following officials: Serafin Marabut, Director; José Gil, Director of Civil Service; Jaime Hernandez, Auditor General.

All the accountants of the several bureaus and offices of the Government have been placed under the Budget Office.

The reorganization of the Bureau of Civil Service was explained by the President of the Commonwealth as follows:

> Heretofore, the Bureau of Civil Service has been ranked among the bureaus of the second class and its functions have been limited to giving civil-service examinations, rating of papers, and passing upon questions of eligibility of qualified applicants for Government positions or the promotion of employees already in the service. I have created a Civil Service Board of Appeals composed of the Auditor General, as Chairman, and the Solicitor General and the Director of the Budget, as members, and have raised the position of Director of Civil Service to that of Commissioner of Civil Service with a salary equal to that of an under secretary of department, and that of his assistant to Deputy Commissioner with the salary of an assistant director of a first-class bureau. Under this reorganization, the Bureau of Civil Service, in addition to its existing duties, will have charge of, and pass upon all formal investigations against officers and employees of the Civil Service. Experience has demonstrated that sometimes the esprit de corps in a given bureau is so strong that complaints presented by private parties against employees of the bureau do not receive due consideration; on the other hand, there are cases where for personal, political, or other reasons, employees are not properly protected in their rights. The Bureau of Civil Service, as reorganized, will safeguard equally the rights of the public and of the employees. It will function as an administrative tribunal, acting as independently as the Courts of Justice. Appeals from the decision of the Commissioner of Civil Service may be taken to the Civil Service Board of Appeals, whose decision thereon will be final.

The reorganization of the Bureau of Justice consisted in the elevation of its chief, the Solicitor General, from the rank and salary of a bureau director to the status of Under Secretary.

22. *Social justice.*—The Commonwealth President not only expressed himself strongly in favor of social justice, but he took executive action and had laws passed to ameliorate the condition of the underprivileged, with a view to allay discontent and forestall disorders. He raised the pay of all Government laborers 20 percent, and fixed 30 pesos a month as the minimum salary in offices of the Central Government. Social legislation included the following laws: Act No. 103, establishing a Court of Industrial Relations; Act No. 178, authorizing the Commonwealth President to extend to all municipalities the provisions of Act 4054 which provides for the welfare of tenants on rice lands; Act No. 210, providing for death benefits for laborers; Act No. 89, limiting the power of courts and sheriffs to destroy improvements in ejectment proceedings; Act No. 43, exempting from real estate taxes buildings constructed by business firms for their employees; Act No. 66, providing for free notarization of docu-

ments needed in securing small farm loans from the Philippine National Bank; Act No. 213, legitimizing labor organizations; Act No. 104, providing for the safety of persons employed in mines, quarries, metallurgical operations and other enterprises; Act No. 211, fixing minimum wages for laborers employed by contractors on government work; and others.

V. Public Finance

A complete report on public finance covering the period November 15, 1935, to December 31, 1936, will be submitted at a later date as supplement no. 1 to this annual report. This action is taken because, at the time of writing this report, financial data later than August 31, 1936, are not available to this office. However, it seems appropriate to include here a brief comment on the three following subjects:

23. *General-revenue collections.*—General-revenue collections for the first 9 months of 1936 were approximately 15 percent greater than collections during the corresponding period in 1935.

24. *Budgets.*—On June 23, President Quezon submitted the 1937 budget and his budget message to the National Assembly. Extracts from his budget message are quoted below:

The total regular income for 1937, conservatively estimated, is ₱65,817,400. The revised estimated regular income for the current year is ₱66,133,900.

The total ordinary expenditures proposed for 1937 amount to ₱64,767,138, which compared with the estimated regular income for 1937 leaves a surplus of ₱1,050,262.

The total ordinary expenditures proposed in the Budget is ₱35,031.50 more than the total ordinary expenditures authorized for 1936. However, the 1937 budget contains increases in appropriations aggregating ₱1,618,732.15 for improvement and extension of such essential public services as revenue collection, health, social welfare, and others; and eliminates and/or reduces certain expenditures authorized for 1936 which have been found either excessive or no longer necessary. The appropriations which have been increased are those affecting the Bureaus of Internal Revenue, Customs, and Forestry, which have been unable in the past to collect all the taxes due the Government for lack of adequate personnel, and about ₱330,500 of said increases is for the care of the insane and the sick and for free distribution of medicine among the poor.

In addition to the ordinary expenditures above referred to, there are extraordinary outlays and investments included in the budget amounting to ₱1,440,800, which are charged against the accumulated surplus.

* * * * * * *

It will also be noted that the budget for 1937 includes appropriations which are payable from special funds created by the legislature for certain purposes and which, without further action on the part of the legislative department, are being spent by the executive offices vested by law with their administration. Heretofore, these special funds have not been included in the budget, supposedly for the reason that a yearly legislative action on the same was not deemed necessary. I believe, however, that the inclusion of these special funds in the budget, as I am now doing, makes our budgetary system more comprehensive and is a forward step toward making the budget the complete financial program of the Government that it should be.

The appropriations for the Bureau of Printing and the Industrial Division of the Bureau of Prisons are being placed on revolving fund basis. The resulting elasticity in the working capital of each of these two industrial units will enable them, not only to function more economically and efficiently, but to adjust their operation to the varying requirements of the service.

It is my purpose to recommend, as I do hereby recommend, the repeal of Act No. 3431, otherwise known as the Belo Act, effective on the 1st of January 1938.

During these first 2 years of the life of the Commonwealth, I feel that the President should have at his disposal the amount appropriated by the

said act and should have, in the use of the fund, the latitude given him by the law, so that he may be able to exercise supervision and control, not only over the affairs of the National Government but of the provinces and municipalities as well. These are years of investigation and reorganization of the whole government machinery and the Chief Executive should have all the assistance demanded by the multitude and extent of the questions that require his immediate attention until general administrative policies and procedures are established. To the Belo fund I have recurred also to give the executive departments additional personnel for technical work. Were it not for the above considerations, I should have recommended the immediate repeal of that act.

I wish also to bring to your attention the marked change in the form of presenting the General Comparative Statement and the different kinds of expenditures in the Budget. In the General Comparative Statement, the expenditures are segregated into ordinary expenditures, and extraordinary expenditures and investments, and the allocation of the net surplus is shown in detail. The financial condition of the Government is thus clearly presented. While in the budgets of previous years the permanent appropriations, continuing appropriations, indefinite appropriations and expenditures payable from receipts and revolving funds were scattered in subsidiary statements, in the Budget which I am submitting to you, they are conspicuously placed in tabulated form together with the general appropriations. Thus, anyone can see at a glance the amount of funds for expenditure at the disposal of each department of the Government.

At the end of 1935, the net accumulated surplus of the Commonwealth Government of the Philippines was ₱39,565,495.59. Of this amount and the current surplus of ₱1,401,793.51 for the year 1936, the sum of ₱2,937,233.30 was used to cover a portion of the amount appropriated by the former Philippine Legislature for public works; ₱990,000 for construction of roads in Mindanao; ₱388,000 for the election of the Commonwealth officials, and ₱3,361,597.38 for other extraordinary expenses. In its inaugural session, the National Assembly authorized appropriations amounting to ₱500,000 for various purposes, including outlays for the expenses of the National Economic Council and of the Government Survey Board, extermination of locusts and budrot, and typhoon relief. The Chief Executive, on the other hand, has authorized the investment of ₱1,000,000 in stock of the National Development Co. for use of the National Rice and Corn Corporation in pursuance of the provisions of Act No. 2849, and ₱300,000 in the stock of the Manila Railroad Co. for the extension of its southern lines, as authorized under Act No. 3116. As a result of the extraordinary appropriations and investments above mentioned, the accumulated net surplus of the Government of the Commonwealth at the end of 1936 will be ₱31,490,458.41. With the exception of about ₱5,000,000, which represents supplies on hand, accounts receivable and other forms of liquid assets, the said accumulated net surplus is all in cash, of which ₱9,090,458.41 is unencumbered. It is needless to state that, except for some urgent and vital public need, further drain upon the accumulated surplus would not be advisable. Any measure, involving the expenditure of public funds should be supplemented by the enactment of laws creating new sources of revenue or increasing those already in effect.

On September 28, the President submitted the following message to the National Assembly which indicates the revenue collections for 1936 through August 31, 1936, and revises the Budget's estimated regular income for 1936:

Gentlemen of the National Assembly: I have the honor to submit to you herewith, for your information, a statement showing the revenue collections actually realized from January 1 to August 31, 1936, as compared with the estimated income for the same period based on the revised estimates of income for this year as specified in the Budget for 1937. The figures shown in this statement have been taken from a report submitted to me by the Secretary of Finance.

As can be seen from the said statement, the total revenue collections realized from January 1 to August 31, 1936, have reached the amount of ₱49,926,496.98. Of the total income of ₱66,133,900 previously estimated for the entire year, ₱44,322,801 corresponds to the period from January 1 to August 31. There is therefore, an excess collection of ₱5,603,695.98 over the estimated income from

the same period. As during the remaining period of the year, there is no reason to suppose that the estimated income as submitted in the Budget, will not be collected, but, on the contrary, will probably be exceeded in more or less the same proportion, I hereby increase the total estimated regular income for 1936 to ₱71,737,000.

Respectfully,

MANUEL L. QUEZON,
President of the Philippines.

The following table is prepared from figures which appear in the 1937 Budget:

	1937	1936 (revised)
Estimated regular income	₱65,817,400.00	₱66,133,900.00
Estimated ordinary expenditures	64,767,138.00	64,732,106.50
Excess of regular income over ordinary expenditures	1,050,262.00	1,401,793.50
Add: Extraordinary income		[1] 9,990,000.00
Total	1,050,262.00	11,391,793.50
Deduct: Extraordinary expenditures and investments	1,440,800.00	[2] 19,466,830.68
Net estimated result on financial position	390,538.00	8,075,037.18
Add: Accumulated current surplus Jan. 1 (general fund)	31,490,458.41	39,565,495.59
Estimated current surplus Dec. 31 (general fund)	31,099,920.41	31,490,458.41

[1] Largely composed of transfer of surplus from Exchange Standard Fund, sec. 1624, Act No. 2711, and repayment from Philippine National Bank on account of assets written off, Commonwealth Act No. 6.
[2] Largely composed of loan to Manila Railroad Co., Commonwealth Act No. 4, for redemption before maturity of certain outstanding Manila Railroad Co. first mortgage Southern Lines 4 percent gold bonds. (See also last par., p. 34.)

As is indicated above, the 1936 figures are revised figures. The figures appearing in the 1936 original Budget as submitted by the Governor General to the Legislature showed the following:

Estimated regular income	₱56,239,320.00
Estimated ordinary expenditures	54,174,337.10
Excess of regular income over ordinary expenditures	2,064,982.90

Executive Order No. 25 of the President of the Philippines, dated April 25, 1936, created the Budget Commission. This Commission revised the 1936 Budget of the Governor General to bring the estimated figures therein more nearly into agreement with actual collections and expenditures for 1936, and to make such figures comparable as much as possible with the 1937 Budget.

The Budget Commission changed the form and made other improvements in the 1937 Budget. These improvements may be summarized as follows:

(*a*) Inclusion of new governmental activities as a result of the Government reorganization in accordance with Commonwealth Act No. 5.

(*b*) Inclusion of authorized special appropriations which had not appeared in previous budgets.

(*c*) Inclusion of permanent appropriations, continuing appropriations, and indefinite appropriations and expenditures payable from revolving funds, etc., which had not appeared in previous budgets.

25. *Appropriations.*—The 1937 Budget became the General Appropriation Act for 1937 through Act No. 38 of the National Assembly, approved October 12, 1936. This act makes appropriations which total ₱55,609,845.55. This figure compares with appropriations of

₱43,204,314.10 in Act No. 4231, known as the General Appropriation Act for 1936. Neither of these figures includes fixed charges such as interest and sinking funds on the bonded indebtedness, retirement gratuities, gratuities under Act No. 1259, advances to the Philippine Railway Co. under Act No. 1730, the Belo Fund (Act No. 3431), and funds for the protection of agricultural industries (Act No. 3027). These fixed charges were estimated to be ₱10,254,280 in 1936, and are estimated at ₱10,197,736 for 1937.

The increase of ₱12,405,531.45 over appropriations for 1936 is largely accounted for by increased appropriations for National Defense; reorganization of the judiciary, including the creation of a Court of Appeals; creation of the office of the Resident Commissioner to the United States; and other special appropriations.

A list of approved appropriation acts passed by the National Assembly, together with a detailed description of these appropriations, and an analysis of their effect on Public Finance, will be presented in the previously mentioned Supplement No. 1 to this report.

VI. Public Order

26. *Two minor disturbances.*—Public order was good during the period under report, except for two minor disturbances.

The first of these was an outbreak of brigandage in the mountains of Laguna, which began a short time before the end of the former regime. The Commonwealth President went to Laguna soon after his inauguration and gave this matter his personal attention to such effect that the outbreak was suppressed in a very short time.

A terroristic demonstration in the city of Manila on the evening of October 3, 1936, was the subject of an inquiry from the Bureau of Insular Affairs. This inquiry and the reply by the Acting High Commissioner were as follows:

[Extra priority radio no. 740]

Washington, *October 21, 1936.*

United States High Commissioner,
Manila:

Press dispatches of 19th instant report terrorist plots to create disturbances through assassinations, bombings, etc. Please radio brief summary of the facts as developed to date.

Cox.

[Extra priority radio]

October 22, 1936.

Secretary of War,
Washington (Cox):

Reference your no. 740 October 21, an outbreak occurred October 3 shortly after 8 o'clock p. m. in the city of Manila. Four explosions were heard, eight fires started, and there were four attempts at arson, all within a period of 3 hours. Parsons Hardware near the Ayala Bridge and nearby buildings were damaged to the extent of 1,000,000 pesos. One water main in Santa Mesa was broken by explosives, shutting off the water supply to a large section of Manila for several hours.

Theodoro Navarro and Lorenzo Galang, said to be leaders of Sakdals, were arrested October 5. They denied having participated in the acts of October 3, but news stories later indicated they were involved in confessions reported in the press October 20. Many of the news stories are vague and give the impression of reportorial guesswork.

Since October 3 police have found bombs in several Manila buildings and seven bombs were reported found upon the arrest of five members of Sakdal party at Malabon October 18. Newspaper of October 20 carried stories that "Sakdal terror plot spreading." These stories followed the arrest of the five Sakdal leaders mentioned above. Confessions as reported by the press were to the effect that Sakdals planned to set fire Manila on the night of October 3 and then sweep the five nearby Provinces and take control of municipal and provincial governments. According to press reports leaders stated in confessions that they lost their nerve when they entered Manila and heard the explosions on night of October 3.

Philippine Army officials report that there is no truth in the statement that a plot was unearthed to assassinate Government officials including the Archbishop and the High Commissioner, but rather that the persons questioned denied there was any such plot. They report that no communications have been received by local Sakdalistas from Ramos for about 1 year and there is no organized opposition to any activities of the Government; that such acts of terrorism that have occurred have been sporadic and not a part of a general plan; that the present unrest is confined to the city of Manila and the provinces of Rizal, Bulacan, Nueva Ecija, and Pampanga, and that there is peace and order in all other parts of the Philippines including Laguna, Cavite, and Batangas Provinces. The reports received today indicate a plan for an uprising in the vicinity of Manila on November 1. The general public seems very little disturbed. United States Army officials, Philippine Army officials, and police officials are alert but not apprehensive. They believe that disorders are local in character, poorly led, poorly financed. and loosely organized.

They report that labor groups in Manila are restive because of the failure of wages to be advanced in the face of advances in prices of commodities and more prosperous times among manufacturing, shipping, and commercial interests. The recent typhoons did considerable damage to the rice crop which has caused suffering in Central Luzon and the Cagayan Valley. This suffering, according to reports, was quite acute but is being rapidly alleviated. Tenant farmers are complaining because landlords have insisted upon advance payments of cash rent when customarily they have been content to receive rents on installments. Dissatisfaction with authorities is attributed by some as a protest against announcement by President Quezon that on account of present unrest he did not intend to release political prisoners on November 15 as previously announced. Others believe that the Government is magnifying reports of violence as justification for building up the Philippine Army. Philippine Army officials however deplore the publicity given to reports of disorders as they say that such reports are frequently erroneous and nearly always exaggerated. Bulletin this morning has eight-column headline, "Fear New Sakdal Outbreak", this being based on a rumor that "a big haul of rifles and ammunition was smuggled into one of the coast towns of the Philippines." The Bulletin story goes on to say "the tense situation is further aggravated by the flight of the Sakdal leaders to the mountains, the reported burial of all 'red' documents and the seething unrest among the radical followers of the political prisoners who lost their chances of early freedom when President Quezon decided not to give them amnesty." The Philippine Army officials state that there is no truth in the statement that rifles and ammunition were smuggled into one of the coast towns nor has there been a flight of Sakdal leaders to the mountains. There are very few political prisoners as Governor Murphy pardoned the majority of all those convicted for participating in the disorders of May 1935 and since that time President Quezon has pardoned a number. I believe there is no cause for apprehension here. The Government is in strong hands and I believe the Philippine authorities are doing everything in their power to relieve the suffering and to improve the lot of the poor and unemployed. President Quezon is in very close touch with the situation and with all classes of people. He has visited devastated areas and has come in contact first hand with the sufferers. The Assembly has just appropriated ₱1,500,000 to relieve the situation. United States Army and Navy authorities see no reason to be alarmed.

My weekly reports sent by air mail to High Commissioner Murphy give all details as I get them from press and from other sources. This radio is based upon reports received from military authorities of the United States Army, naval authorities, and Philippine Army authorities, inquiries made from numerous individuals and reports in the press and personal observation of myself and staff.

JONES.

VII. Philippine Government Personnel

27. *A period of many changes.*—The brief résumé of new legislation which appears on pages 11 to 13 of this report is sufficient to show that many new positions are required to administer the new offices. Among these are the officers of the new Army, including three major generals and one brigadier general; eight judges of the new Court of Appeals; the judge and the personnel of the Court of Industrial Relations; the G-men in the Bureau of Justice; the personnel of the Securities and Exchange Commission; and that of the new Census Office.

The Philippine Constitution (art. XIV, sec. 4) authorizes the President of the Commonwealth, within a period of 1 year, to replace any officer whose appointment is vested in the President by simply appointing a successor. This authority was used to make a number of changes in the judiciary and especially to make changes of justices of the peace. The number of justices of the peace was reduced from 882 to 688 by combining neighboring municipalities into justice of the peace districts.

The Supreme Court was reorganized by Commonwealth Act No. 3, the following section of which, and the administrative action taken thereon, removed the five American justices:

> Sec. 4. Upon the taking effect of this act, all of the justices of the supreme court, who shall not have been appointed pursuant to the provisions of the constitution, shall vacate their respective offices, and new apopintments of justices shall be made in accordance with the constitution to complete the membership of the court.

The Filipino Justices were reappointed.

VIII. Business, Trade, and General Economy

The present year may be characterized as the "recovery year" in Philippine trade and economy. Placing the data available at the time of this report against corresponding returns of previous years, there is no doubt but that 1936 shows material advancement beyond that of any year since 1929. The value of overseas trade in 1930 and 1931 was greater than in 1936, but in these years quantities were increased to offset rapid declines in the price level and other indices pointed unmistakably to a general downward swing. The final burden of the depression seems to have been absorbed during the past 18 months.

Federal policies in the economic field have contributed heavily to Philippine trade recovery and business stability. This is particularly true in the case of sugar limitation. Agricultural Adjustment Administration control of sugar through production and export of fixed quantities at definitely remunerative prices to producers, processors, and handlers not only has afforded immediate profit but has surrounded the entire industry with a degree of certainty which it could not claim during any previous period of its development.

Expansion in production of gold was the outstanding feature of the current year. Its export value should reach ₱40,000,000 for the year, thus ranking it ahead of all other industries except sugar and the coconut group. Its strong bearing on national income and credit warrants its inclusion in overseas trade totals.

Price levels have increased generally but more in the case of exports than of imports, broadening the favorable visible balance of trade to a record position. However, it is still true that the favorable balance is less than the value of sugar and depends wholly on free entry into and high protective tariffs within continental United States.

In agricultural production, quantities have, if anything, declined, but values have been augmented subtantially. In domestic trade, exceptional buoyancy was evident during the year. Discounting the artificial character of the unwholesome gold-stock boom, every measure indicates soundness and improvement in currency, credit, and banking conditions. Bank debits to individual accounts increased by 50 percent, although the increase was due in part to stock-market transactions.

An impressive block of legislation of economic effect was enacted. The fact that little of it has been in force for more than a few weeks allows no practical test of results from the new laws.

An analysis of economic trends so far as available reports permit will be found in continuation under convenient headings.

OVERSEAS TRADE

28. *Total trade and balance.*—Philippine overseas trade during the first 9 months of the present year exceeded that of any 9 months' period since 1929 and is indicative of a very solid recovery. For purposes of comparison, 1935 and 1936 export figures have been revised to include gold ore and bullion at its "new" value, and the following summary prepared:

	Year 1935	January to September 1935	January to September 1936
Exports	₱214,525,717	₱160,995,753	₱243,341,495
Imports	171,047,699	124,080,432	150,142,577
Total trade	385,573,416	285,076,185	393,484,072
Favorable visible balance	43,478,018	36,915,321	93,198,918

The visible balance of trade was favorable, a condition which has obtained in Philippine overseas trade continuously since 1921. The 9-month period is remarkable in the extent of the favorable balance. It exceeds the first 9 months of 1935 by 150 percent and is more than double the balance for the entire year 1935. There is little doubt but that the favorable balance for the whole of the current year will exceed any heretofore recorded. Reliable data on the invisible items of trade and exchange are not reported, but in this the result must have been entirely favorable. Invisible imports decreased in part due to withholding of a fraction of normal remittances by the Chinese and Spanish communities. Invisible exports included nearly ₱6,000,000 of United States Government benefit payments to sugar planters and ₱2,000,000 of adjusted compensation bonds to world war veterans; repatriation of an unusually large proportion of sugar credits; and a variously estimated sum of several millions from the

China coast attracted by active gold stock trading on the Manila Exchange.

The monthly value of exports and imports and their trend from January 1935 to September 1936 is shown on charts 1–A and 1–B, herewith [1] (appendix B).

29. *Export values and quantities.*—The value of exports from January to September 1936 was 50 percent above that for the corresponding period in 1935, and substantially above that for the year 1935. Breaking down the totals, it is evident that the improvement was well diversified over existing export industries. Higher price rather than greater quantity was the principal cause of increased value. There were a few commodities in which the 1936 increase in value was wholly due to better prices. Among the principal products the approximate changes (9 months, 1936, compared with 9 months, 1935) were sugar, up 75 percent in quantity, 85 percent in value; gold, 50 percent in both quantity and value; abaca (Manila hemp), down 13 percent in quantity, but up 75 percent in value; copra, up 35 percent in quantity and up 50 percent in value; desiccated coconut, up 10 percent in quantity, up 20 percent in value; leaf tobacco, down 25 percent in quantity, but up 13 percent in value; cigars, down 17 percent in both number and value; cordage, down 12 percent in quantity and down 10 percent in value; lumber and timber, up 35 percent in footage and up 20 percent in value.

The following tables show a comparison of export values:

Export commodity	January to September 1935	January to September 1936
Abaca	₱14, 220, 387	₱24, 711, 845
Other hard fibers	1, 332, 846	2, 637, 015
Cordage	1, 972, 636	1, 766, 918
Embroideries	6, 828, 949	6, 541, 800
Rice	249, 970	73, 759
Cutch	413, 518	484, 713
Copra	15, 141, 671	22, 344, 189
Coconut oil	17, 111, 991	18, 540, 193
Desiccated coconut	5, 568, 915	6, 584, 459
Copra cake and meal	2, 271, 476	2, 374, 959
Hats	620, 514	622, 639
Sugar, centrifugal and refined	58, 135, 636	108, 568, 786
Molasses and sirup	370, 340	456, 875
Pearl buttons	348, 548	335, 143
Leaf tobacco	2, 911, 236	3, 499, 853
Cigars	5, 060, 421	4, 181, 809
All other tobacco	454, 121	302, 914
Timber	1, 502, 079	1, 904, 114
Lumber	2, 251, 352	2, 842, 641
Gold	18, 089, 118	26, 567, 784
All others	6, 140, 029	7, 999, 087
Total	160, 995, 753	243, 341, 495

[1] The trends are represented by a smooth curve constructed on the basis of averages of data month plus preceding months.

The following table gives comparative quantities of exports so far as available at date of this report:

Export commodity	January to September			
	1935		1936	
	Quantity	Value	Quantity	Value
Sugar ---- kilos	449,903,300	₱58,135,636	790,879,494	₱108,568,786
Abaca ---- do	140,488,245	14,220,387	122,269,889	24,711,845
Copra ---- do	171,520,967	15,141,671	233,959,860	22,344,189
Desiccated coconut ---- do	23,992,612	5,568,915	25,520,441	6,556,459
Cigars ---- number	164,393,409	5,060,421	136,200,575	4,181,809
Coconut oil ---- kilos	114,915,153	17,111,991	114,771,395	18,540,193
Cordage ---- do	6,806,676	1,972,636	5,027,344	1,766,918
Copra cake and meal ---- do	70,479,486	2,271,476	78,681,662	2,374,959
Leaf tobacco ---- do	14,203,087	2,911,236	10,706,989	3,499,853
Timber ---- cubic M	178,329	1,502,079	244,913	1,904,114
Lumber ---- do	76,798	2,251,352	104,959	2,842,641
Gold:				
Ore ---- kilos	424,783	3,397,477	2,273,792	1,654,792
Bullion ---- ounces	463,736	17,691,641	681,789	24,912,992

30. *Import values and quantities.*—The value of imports from January to September was 20 percent above that for the corresponding period last year and it is anticipated that the figures for the entire year 1936 will agree closely with those for 1935. Considering commodities in major groups and particularly those in which United States traders are interested, there were increases in value of approximately: Wheat flour, 40 percent; motor vehicles, including parts and tires, 25 percent; cotton goods, 5 percent; silk and rayon, 35 percent; fish products, 20 percent; machinery and parts, largely mining machinery, 45 percent; iron and steel goods, 40 percent; dairy products, 35 percent; and tobacco products, mostly cigarettes, 10 percent.

Comparative values for imports are listed below:

Import commodity	January to September	
	1935	1936
Wheat flour	₱4,043,705	₱5,686,944
Rice	316,670	1,877,513
Other breadstuffs	872,012	924,990
Automobiles and trucks	4,328,508	5,262,801
Automobile parts	1,175,106	1,469,100
Automobile tires	1,666,533	2,281,299
Other rubber goods	980,395	1,212,625
Chemicals, drugs, dyes, and medicines	3,628,855	4,395,963
Cotton cloth	14,650,368	14,498,821
Other cotton	8,164,370	9,213,459
Silk and rayon goods	3,407,452	4,632,464
Electrical machinery and apparatus	3,185,288	4,253,655
Fertilizers	2,393,022	2,319,651
Vegetable fibers and manufactures	2,530,639	2,625,149
Fish and products	1,951,198	2,367,624
Fruits and nuts	1,983,510	2,086,760
Glass and glassware	1,003,568	1,142,208
Agricultural implements	86,496	162,659
Machinery and parts	5,648,877	8,325,610
Iron and steel goods	10,689,100	15,098,454
Leather and products	1,613,539	1,974,026
Meat products	2,354,289	2,238,263
Dairy products	4,450,134	5,973,038
Mineral oils	9,889,566	10,816,368
Paints, pigments, and varnishes	950,464	1,402,873

Import commodity	January to September	
	1935	1936
Unprinted paper	3,270,545	3,585,971
Printed paper	1,876,560	1,520,550
Perfumery and toilet preparations	981,261	1,197,557
Tobacco products	5,471,852	5,929,228
Vegetables	2,313,493	2,557,409
All others	18,202,967	23,109,545
Total	124,080,432	150,142,577

Import quantities are not available by months except in a few commodities. In the case of wheat flour, the American trade commissioner for Manila reported from inspection of manifests for the first 9 months of 1936, 2,951,211 sacks as against 2,210,216 sacks for the same period last year. Of these totals 884,400 and 646,398, respectively, were from the United States.

Special reports from the Insular Collector of Customs on cotton piece goods, rayon, and silk allow the following details of both quantities and values for the different classes:

	January to September 1935		January to September 1936	
	Square meters	Value	Square meters	Value
Unbleached:				
United States	2,546,467	₱536,243	3,394,945	₱710,427
Japan	4,552,937	485,973	2,674,465	288,439
China	58,909	7,233	1,488,337	156,958
Hong Kong			666,257	66,669
Great Britain	12,112	7,705	63,275	27,621
Others	8,443	4,404	68,765	8,649
Total	7,178,868	1,041,558	8,356,044	1,258,763
Bleached:				
United States	12,102,562	3,149,649	8,720,507	2,413,845
Japan	9,982,698	1,201,880	5,434,865	616,439
China	26,880	3,430	435,412	62,956
Hong Kong			597,046	76,413
Great Britain	257,047	95,700	766,197	217,879
Switzerland	691,148	244,096	980,905	275,175
Others	36,198	10,370	97,363	19,380
Total	23,096,533	4,705,125	17,032,295	3,672,087
Dyed:				
United States	10,591,280	3,060,072	12,275,307	3,587,191
Japan	21,089,542	2,842,829	15,796,973	2,102,003
China	961,884	136,098	3,119,868	435,219
Hong Kong			3,398,900	554,528
Great Britain	915,799	400,319	1,282,180	643,857
Switzerland	154,266	44,387	78,897	21,690
Others	101,062	31,440	93,629	28,919
Total	33,814,833	6,515,145	36,045,754	7,373,407
Printed:				
United States	2,643,202	672,523	1,714,746	495,250
Japan	12,588,447	1,676,376	11,831,192	1,415,705
China	28,350	3,321	773,142	80,918
Hong Kong			1,441,834	166,167
Others	128,063	36,320	125,326	36,524
Total	15,388,062	2,388,540	15,886,240	2,194,564

	January to September 1935		January to September 1936	
	Square meters	Value	Square meters	Value
Rayon:				
United States	280,300	₱237,641	372,917	₱318,382
Japan	8,798,127	1,480,838	20,013,876	2,809,645
China	4,733	1,096	46,046	6,792
Others	108,255	54,361	231,260	33,064
Total	9,191,415	1,773,936	20,664,099	3,167,883
Silk:				
United States	169,327	208,627	36,298	42,924
Japan	158,563	55,241	82,633	34,873
China	50,576	30,990	40,909	24,892
Others	4,999	2,708	15,201	6,136
Total	383,465	297,566	175,041	108,825

The above report on textiles shows general trends unfavorable to American textile trade. A more complete presentation will be found below under the heading "Commodity quotas."

31. *Trade by countries.*—The relative position of the United States in trade with the Philippines did not improve during 1936. Although during the first 9 months of 1935 the United States absorbed 84 percent of Philippine exports and supplied over 65 percent of Philippine imports, in the same period 1936 the ratio fell to 81 and 62 percent, respectively. For the first time in several years Japan also failed to substantially increase her percentage in Philippine trade. China, the Netherlands East Indies, British East Indies, and Siam also declined in relative place among both customers and suppliers of the Philippines. Improved relations appear principally in trade with Australia, Canada, and the following European countries: Great Britain, Belgium, France, Germany, and the Netherlands proper. The details follow:

Countries	January to September 1935			
	Percent imports	Percent exports	Value of imports	Value of exports
United States	65.20	84.06	₱80,899,006	₱135,340,522
Possessions	.42	.54	518,268	872,004
Australia	1.59	.33	1,968,829	531,100
British East Indies	2.10	.41	2,611,251	654,694
French East Indies	.41	.01	503,030	23,812
China	3.28	.84	4,073,708	1,348,830
Japan	13.43	4.78	16,662,034	7,698,599
Netherlands East Indies	2.11	.22	2,619,380	349,064
Japanese-China	.33		410,392	9,055
Hong Kong	.21	.66	261,793	1,062,390
Siam		.09	2,562	143,597
Great Britain	1.98	2.17	2,461,216	3,490,243
Ireland	.07	.01	82,250	15,160
Austria	.03		42,872	
Belgium	.82	.34	1,023,091	551,263
Denmark	.03	.29	39,574	470,029
France	.97	.68	1,206,493	1,091,981
Germany	2.79	.71	3,466,388	1,151,166
Italy	.10	.12	120,318	196,752
Netherlands	1.15	.17	1,427,196	280,178
Norway	.09	.12	111,944	194,851
Spain	.27	2.34	334,010	3,773,525
Sweden	.46	.19	566,940	304,289
Switzerland	.53	.01	662,448	14,152
Canada	1.04	.17	1,296,600	269,200
Other countries	.57	.72	708,839	1,159,297
Total			124,080,432	160,995,753

Countries	January to September 1936			
	Percent imports	Percent exports	Value of imports	Value of exports
United States	62.13	81.40	₱93,283,416	₱198,083,572
Possessions	.37	.32	561,911	767,707
Australia	2.36	.26	3,547,089	636,172
British East Indies	1.61	.37	2,414,723	903,646
French East Indies	1.28	.01	1,920,625	24,462
China	2.73	.63	4,098,593	1,527,684
Japan	13.59	4.95	20,394,956	12,049,440
Netherlands East Indies	1.80	.19	2,516,107	457,391
Japanese-China	.17		253,884	10,459
Hong Kong	.82	.26	1,226,792	631,492
Siam		.11	7,148	255,729
Great Britain	2.83	2.50	3,967,194	6,091,327
Ireland	.10	.01	138,147	21,222
Austria	.05		72,274	
Belgium	.96	.48	1,447,204	1,157,643
Denmark	.04	.42	61,387	1,033,087
France	1.07	1.06	1,603,443	2,584,930
Germany	3.08	1.42	4,621,863	3,461,684
Italy	.07	.87	108,186	2,105,787
Netherlands	2.11	1.78	3,172,249	4,327,820
Norway	.05	.12	70,780	303,494
Spain	.29	1.49	434,769	3,618,216
Sweden	.43	.10	653,903	250,947
Switzerland	.54		809,257	7,944
Canada	1.28	.42	1,917,320	1,022,712
Other countries	.56	.82	839,357	2,006,928
Total			150,142,577	243,341,495

One of the most interesting characteristics of Philippine trade is the fact that its favorable visible balances are invariably dependent upon its trade with the United States. A large negative balance acquired in trade with the Orient, only moderately reduced by trade with Europe, is overweighed by the enormous favorable balance in trade with the United States. An arrangement of countries and balances calculated to bring out this outstanding phase of Philippine trade follows:

	Year 1935	January to September	
		1935	1936
Oriental countries:			
Australia	−₱2,193,974	−₱1,437,729	−₱2,910,917
British East Indies	−2,478,395	−1,956,557	−1,511,077
China	−3,811,131	−2,724,878	−2,570,909
Dutch East Indies	−3,108,155	−2,270,316	−2,058,716
French East Indies	−797,487	−479,218	−1,896,163
Hong Kong	1,039,759	800,597	−595,300
Japan	−13,624,220	−8,963,435	−8,345,516
Japanese-China	−481,635	−401,337	−243,425
Siam	206,738	141,035	248,581
Total, Oriental countries	−25,248,500	−17,291,838	−19,883,442
European countries:			
Austria	−69,558	−42,872	−72,274
Belgium	−487,048	−472,828	−289,561
Denmark	928,812	430,455	971,700
France	384,040	−114,512	981,487
Germany	−3,280,784	−2,315,222	−1,160,179
Great Britain	2,311,702	1,029,027	2,124,133
Ireland	−90,446	−67,090	−116,925
Italy	65,683	76,434	1,997,601
Netherlands	−2,029,734	−1,147,018	1,155,571
Norway	108,165	82,907	232,714
Spain	4,951,407	3,439,515	3,183,447
Sweden	−382,137	−262,651	−402,956
Switzerland	−1,076,714	−648,296	−801,313
Total European countries	1,333,388	−12,151	7,803,445

	Year 1935	January to September	
		1935	1936
Other areas:			
Canada	−1,247,347	−1,027,400	−894,608
All other countries	1,066,448	450,458	1,167,571
Total other areas	−180,899	−576,942	272,963
Total foreign	−24,096,011	−17,880,931	−11,807,034
United States	67,172,430	54,441,516	104,800,156
Possessions	401,599	354,736	205,796
Total United States and possessions	67,574,029	54,796,252	105,005,952
Grand total	43,478,018	36,915,321	93,198,918

32. *Legislation.*—A considerable body of legislation affecting overseas trade has been enacted since the inauguration of the Commonwealth. The more important acts and bills follow:

Act 139, approved and effective November 7, 1936, transfers the administration of immigration laws, including those of the United States applicable to the Philippines, from the Bureau of Customs to the Department of Labor.

Act 175, approved and effective November 13, 1936, amends section 1151 of the Administrative Code, as amended; adds Jose Pañganiban (formerly Mambulao) on the Pacific coast of Camarines, Luzon, and Aparri on the north coast of Cagayan, Luzon, as ports of entry.

Bill 11, submitted to the President of the United States under section 2 (a) (9) of the Tydings-McDuffie Act; seeks to completely embargo export from the Philippines to any foreign country of fibers (buntal), seeds, or seedlings of the plant commonly known as buri palm (*Corypha elata Roxb.*). In conjunction with Act 147, approved November 7, 1936, this bill would create a monopoly in the export of buntal fiber in favor of the National Development Co.

Bill 1490, submitted to the President of the United States under section 2 (a) (9) of the Tydings-McDuffie Act; seeks to amend paragraphs 264 and 265 of the Philippine Tariff Act of 1909 as amended to increase duties on imports from foreign countries as follows:

Item	Present rate	B. 1490 proposed rate
Malt beverages, except stout, in receptacles containing each more than 2 liters, hectoliter	$4.00	$14.00
Same, in other receptacles, hectoliter	5.50	16.40
Stout, hectoliter	5.50	5.40
Cider, hectoliter	4.90	4.00
Sweetened, flavored, or aerated waters, natural mineral waters aerated or not, ginger ale, root beer, unfermented fruit juice, and nonalcoholic beverages, not otherwise provided for, hectoliter	1.50	2.50

Bill 1535, submitted to the President of the United States under section 2 (a) (9) of the Tydings-McDuffie Act; seeks to amend section 14 of the Philippine Tariff Act of 1909, as amended, to add natural rock asphalt (Leyte asphalt) to the list of commodities exempted from payment of the ₱2 per metric ton wharfage fees.

Bill 2336, submitted to the President of the United States under section 2 (a) (9) of the Tydings-McDuffie Act; seeks to amend the Philippine Tariff Act of 1909, as amended, to permit the President of the Philippines after due investigation and when the public interest so demands, from time to time, to increase or decrease the rates of duty on any or all articles imported into the Philippines up to 400 percent or down to 25 percent of the rates as now or hereafter fixed by legislative action.[2]

Bill 2357, submitted to the President of the United States under section 2 (a) (9) of the Tydings-McDuffie Act; seeks to amend paragraph 269 of the Philippine Tariff Act of 1909, as amended by Act No. 4037, to stipulate gross weight for assessment of duty on imported fresh or preserved eggs in natural form.

Bill 2396, submitted to the President of the United States under section 2 (a) (9) of the Tydings-McDuffie Act; seeks to amend section 37 of Act No. 4003 to place a 20-percent ad valorem on the export from the Philippines of shells of any species mentioned in section 36 of Act No. 4003.

PHILIPPINE COMMODITY QUOTAS

33. *Sugar quota.*—The limitation and allocation of sugar has been a noteworthy success, both administratively and from the standpoint of Philippine economy. The auditing of 47 mills, over 21,000 plantations, and nearly 24,000 planters, and the determination of quota coefficients for each planter was completed and enforced during the 1935 quota year. The auditing was accomplished by the Insular Auditor and a part of his staff assigned to the work. The determination of coefficients was carried out by personnel detailed and supported by the Agricultural Adjustment Administration under the supervision of the Economic Adviser to the Governor General. The administration at all times enjoyed the fullest cooperation of the sugar-mill companies and the planters, both individually and through their associations. Appeals were carefully heard by administrative officers and strictly but fairly decided. Only one suit was brought against the administration—in the Court of First Instance of Oriental Negroes—and it was thrown out for want of jurisdiction.

The administration has enjoyed the faithful cooperation of the Insular Collector of Customs and his deputies at Cebu and Iloilo. Much of the mechanism of enforcement rests upon these officials.

The Office of the High Commissioner continued during 1936 to supervise and enforce the allocation of the United States-Philippine sugar quota under United States Public Resolution No. 109, Seventy-fourth Congress. The agencies through which the work was accomplished were the Sugar Records Division in the Manila Office and a corps of 11 authorized permit agents (Agricultural Adjustment Administration field Auditors) stationed in eight sugar districts, directly in contact with the sugar mills and planters. Both services are supported by United States Department of Agriculture funds, and report to the assistant financial expert on questions of policy. Regulations and instructions have been promulgated in a series of

[2] Further discussion of the proposed flexible tariff provision will be found on p. 73 of this report under "Joint trade conference."

sugar orders of the High Commissioner beginning with no. 1, issued January 21, and including no. 11, issued November 14, 1936; and a series of field instructions of the Chief of the Sugar Records Division, beginning with no. 18, issued November 29, 1935, and including no. 33, issued December 2, 1936. A considerable number of executive orders of the Governor General, issued prior to inauguration of the Commonwealth, particularly nos. 574, 873, 885, and 900 with its supplements, continues in effect.

The United States-Philippine sugar quota for 1936 was first set at 965,000 short tons, raw value; a "first additional quota" of 2,053 short tons, raw value, was made available and allotted in January; further additional quotas of 69,947 and 30,681 short tons, raw value, were made in favor of the Philippines in April and June, respectively. Considering the short cane crop of 1935–36, the limited reserves, the fact that nearly all sugar mills had closed down for the season before these increases were made, and the fact that most of the increases, if filled, would be dutiable under section 6 (a) of the Tydings-McDuffie Act, the Philippine Sugar Association, representing the mills, and the Confederacion de Asociaciones y Plantadores de Cana Dulce, representing the great majority of planters, agreed to accept only so much of the increase as could be safely calculated to be duty free. This quantity was set at another 2,053 short tons, raw value, and it was duly allotted as the "second additional quota." Together with fractions of the original and first additional quota, the last allotments were covered from reserve sugar. The total of United States quota sugar allotted in 1936 was 969,106 short tons, raw value, as compared with 524,606 in 1935.

On the basis of confirmations from United States customs authorities, the landed weight at United States ports of Philippine sugar shipments chargeable to the 1936 quotas will total about 951,895 short tons, commercial weight which, due to relatively low polarization, will prove equivalent to about 966,000 short tons, raw value. The foregoing weights include approximately 56,000 short tons of refined sugar at its unrefined raw value of approximately 59,920 short tons.

The United States-Philippine quota for 1937 was announced by the United States Secretary of Agriculture in "1937 Philippine Sugar Allotment Order No. 1", October 6, and in "Sugar Order of the High Commissioner No. 9", October 9, 1936. It is placed at 952,000 short tons, commercial weight, not to exceed 998,110 short tons, raw value, inclusive of refined sugar in the quantity of 56,000 short tons, commercial weight, not to exceed 59,920 short tons, raw value. Out of the base quota there may also be shipped 20,294 short tons, raw value, of direct consumption unrefined sugar.

34. *Sugar benefit payments.*—Coincident with the limitation and allocation of sugar, the Agricultural Adjustment Administration through its representatives stationed in the Philippines executed over 18,000 benefit-payment contracts to reimburse Philippine sugar planters for reduction in production of sugarcane during 1935 and 1936. The funds were derived from the collection of processing taxes on Philippine sugar entering the United States. The amount of benefit payments made during 1935 was ₱24,931,111.86. The program was completed on July 31, 1936, with payments in the current year of ₱5,788,198.30.

35. *Results of sugar limitation.*—The reduction in quantity of Philippine sugar permitted to enter the United States was not severe as compared with normal production in previous crop years, except 1933–34 when sugar mills and planters, aware of impending allocation proportionately on the basis of production during 1931, 1932, and 1933, engaged in a "quota race" which brought production to an abnormal height. The effect of limitation connected with benefit payments is shown in the following account:

Year	Quantity of sugar shipped to United States (metric tons)[1]	Income from sugar shipped to United States[1] and benefit payments
1928	569,938	₱95,085,879
1929	695,868	106,488,298
1930	743,980	104,480,451
1931	752,932	99,926,210
1932	1,016,568	119,603,769
1933	1,078,653	128,666,851
1934	1,152,841	130,909,161
1935:		
Shipments	516,233	65,981,359
Benefit payments		24,931,112
Total income		90,912,471
1936:		
Shipments:		
First 9 months	790,879	108,568,786
Estimated last 3 months	[2] 80,000	10,981,600
Benefit payments		5,788,198
Total income		125,338,584

[1] Reports of the insular collector of customs.
[2] Includes 1937 sugar loaded in Philippines in November–December for arrival in United States after Jan. 1, 1937.

During the 3 years of limitation, annual income from sugar, including benefit payments, will average well over ₱115,000,000.

36. *Cordage quota.*—With the inauguration of the Commonwealth, the Office of the President of the Philippines undertook administrative control of allocation and enforcement of the United States-Philippine cordage quota of 6,000,000 pounds under the United States Public Act, 137, Seventy-fourth Congress. The ruling allocation for the quota year May 1, 1935, to April 30, 1936, was under executive orders of the Governor-General nos. 846 and 898. The allocation for the quota year May 1, 1936, to April 30, 1937, is carried in executive order of the President of the Philippines no. 36, issued June 3, 1936, in which the allotments are made on the same manufacturers' coefficients as those given in executive order of the Governor-General, no. 898. The Insular Collector of Customs issues the permits to ship cordage.

37. *Coconut oil quota.*—The allocation and enforcement of the United States-Philippine quota of 200,000 tons under section 6 (b) and (d) of the Tydings-McDuffie Act has not been undertaken. Allocation is not due until the year after the fixed duty-free limit shall have been reached. In 1935 the quantity of coconut oil shipped to the United States was only 164,186 metric tons. During the first 9 months of 1936 shipments to the United States were 114,771 metric tons and it is considered practically certain that the total for 1936 will not reach the limit.

38. *Japanese cotton textile quota.*[3]—The Japanese agreement with the American Government to limit "Philippine imports of Japanese-made cotton piece goods" was effective throughout the year. The agreement was so worded, presumably for the purpose of making it clear that imports of Japanese-made goods transshipped at Hong Kong or other ports were to be included, as well as direct shipments from Japan. Limitation of transshipment was found more difficult than had been anticipated, however, as these goods are imported into Hong Kong by Chinese merchants, ostensibly for the requirements of that market, and reshipped to Chinese merchants in Manila. As a result, imports of Japanese cotton piece goods in the first quota year ended July 31, 1936, amounted to 52,675,000 square meters, exceeding the quota limit (including the 10-percent tolerance) by 3,175,000 square meters. Of the total, 45,148,000 square meters came direct from Japan and 7,527,000 square meters was transshipped at Hong Kong. This leaves only 37,325,000 square meters, including transshipments, to be received from Japan in the second quota year.

The transshipped Japanese goods have affected the local market not only by increasing the difficulty of limitation but also by their unsettling effect on prices. Philippine-quota goods command a higher price in Japan than nonquota goods, and are also subject to a fee to cover the cost of administration of the quota. Transshipped goods, purchased at the nonquota price and not subject to the fee, have been able to undersell goods imported direct from Japan and have prevented prices from increasing to the extent anticipated. An attempt is being made to solve the question by imposing an export tax on shipments to Hong Kong, refundable only on proof that the relative goods are not transshipped to Manila.

The quota agreement has unquestionably limited importation of Japanese-made cotton textiles. Total imports in the first 9 months of 1936 were only 34,310,000 square meters, including 9,170,000 square meters transshipped, whereas in the same period of 1935 customs figures indicate importation of 48,372,000 square meters of Japanese cloth. (Customs figures represent liquidations, but actual arrivals were at least as great and probably greater.) Without the agreement it may be assumed that there would have been a substantial increase in 1936 instead of the marked decrease from the 1935 figures. Unfortunately, American textile exporters do not appear to have benefited, as imports of American cotton textiles totaled only 20,541,000 square meters in the 9-month period, whereas customs figures show liquidations covering 28,053,000 square meters in the corresponding period of 1935, and actual arrivals were approximately as great. The 1936 arrivals include about 5,300,000 square meters of embroidery cloth, which is returned to the United States. In the first 9 months of 1935 about 8,150,000 square meters of embroidery cloth was imported.

Imports of cotton textiles made in China and Hong Kong totaled 9,626,000 square meters in the first 9 months of 1936, whereas in 1935 such imports were negligible. Imports of rayon from Japan totaled 18,171,000 square meters, against 8,800,000 square meters (liquidations) in the 1935 period. It appears, therefore, that the Hong Kong and Chinese cotton industries and the Japanese rayon

[3] Report furnished by the American trade commissioner, Manila.

industry have been the chief gainers from the quota agreement, and that to be completely effective, a limitation agreement would have to cover them.

TRADE CONFERENCE

The High Commissioner has exerted every effort toward an early calling of the Joint Trade Conference anticipated in the Tydings-McDuffie Act. Considerations have led to the conclusion that American commercial policy in the Philippines must be conditioned on American intention in the Far East and that determinations of broad scope should form the background of the conference. In a similar fashion it is anticipated that the Commonwealth Government and its leaders may facilitate the conference by frankly anticipating future policies vastly broader than immediate questions of tariffs, quotas, and taxes.

39. *Technical preparation.*—Preparation in the Philippines for the conference was advanced during the latter part of 1935 and extending into the present year. The representatives of the Washington Interdepartmental Committee closed their field surveys in January. The Philippine Interdepartmental Economic Committee and the Technical Trade Committee established by executive order of the Governor General, No. 780, July 9, 1935, continued the gathering and revision of data. Early in December of the present year the President of the Philippines designated the Honorable Sergio Osmeña, Vice President of the Philippines, to be chairman of the Philippine delegation. Plans are under way for the organization of a temporary office to handle technical details and continue the collection and annotation of data. The new office will absorb the activities of the Technical Trade Committee.

Recently efforts have been directed by the President of the Philippines and directors of the Philippine-American Trade Association to initiate a pro-Philippine society in the United States to have as its object the fomentation of opinion favorable to the continuation of commercial reciprocity between the United States and the Philippines.

40. *Possible Philippine program.*—One view of the Philippine program for future trade relations with the United States may be found in an article by the Honorable Manuel Roxas, former Speaker of the Philippine House of Representatives. The article was released and widely circulated in the Philippines during April and May 1936. Mr. Roxas lists what he considers "certain desirable objectives to be attained at the economic conference":

(*a*) Recognition of the right of the Philippine Commonwealth to enter into bilateral trade conventions subject to the approval of the President of the United States.

(*b*) Approval by the President of the United States of a flexible clause to be appended to the Philippine tariff, authorizing the President of the Philippines, subject to certain conditions and restrictions, to increase or reduce Philippine tariff rates up to 100 percent of such rates.

(*c*) Exemption of Philippine products imported into the United States from excise and other taxes which operate as a tariff on such commodities and place them at a disadvantage in the American market.

(*d*) An agreement that the United States will purchase exclusively from the Philippines its requirements of copra and Manila hemp.

(*e*) Upward revision of the Philippine tariff to grant adequate protection to American free imports to the Philippines, with a view to insuring that the

value of such imports shall bear the same proportion to the value of Philippine free exports to America, as the average ratio between such imports and exports during the 10 years immediately prior to the passage of the independence law.

(*f*) Amendment of the provisions of the independence law relative to the export tax so as to authorize the Commonwealth Government, wholly or partially, to reduce or abolish such tax as to any or all of the articles exported by the Philippines to the United States.

(*g*) An agreement that, upon the withdrawal of American sovereignty, articles entering the United States, the products or growth of the Philippines, shall pay a progressive rate of the American tariff on like articles coming from foreign countries, the first year 5 percent, the second year 10 percent, and so on until the tenth year thereafter, when the rate shall be 50 percent of the American duty, which rate of duty of 50 percent shall be collected and paid upon Philippine imports for another period of not less than 10 years.

(*h*) In exchange for this preferential treatment, American imports into the Philippines shall pay a rate of the Philippine tariff on like articles coming from foreign countries equivalent to the progressive rate imposed on Philippine exports to the United States as above mentioned, and after 10 years, the rate to remain at 50 percent for the same period as a similar differential is granted to Philippine imports into the United States.

(*i*) The foregoing agreement to be modified with regard to such articles entering either country as may not be capable of absorbing the prescribed rates of duty, in which case greater differentials are to be agreed upon.

In addition to the above program, it is possible that further consideration will be requested for payment to the Commonwealth Government of the equivalent of the changed gold content of Philippine reserves on deposit in the United States at the time of revaluation of the dollar and of the excise taxes on Philippine coconut oil so far collected.

41. *Legislation.*—The only definite action so far taken by the Commonwealth Government furthering the possible program outlined above was the passage by the National Assembly and approval by the President of the Philippines of bill no. 2336 which amends the Philippine Tariff Act of 1909 in such manner as to provide executive flexibility of rates. This bill has gone forward to the President of the United States for his approval as required under section 2 (a) (9) of the Tydings-McDuffie Act.

The bill provides that:

> The President of the Philippines, after due investigation and when the public interest so requires, may, from time to time, by proclamation, increase or decrease the rates of duty fixed by statute on any or all articles imported into the Philippines and make any necessary change in classification of such articles: *Provided*, That in no case shall the total increase exceed four hundred per centum of the rates of duty so expressly fixed, nor the total decrease exceed seventy-five per centum of such rates of duty.

Some objection to this measure has been indicated because of: (*a*) the extreme range of flexibility from one-fourth of to four times the legislative rate; (*b*) the commercial uncertainty created against which importers would be obliged to trade on an immediate basis without contracts for delivery; (*c*) partial nullification of the control over export and import duties vested in the President of the United States by the Tydings-McDuffie Act; and (*d*) the want of any principle or formula to which the Executive must conform in fixing tariff rates.

Commonwealth Act No. 191, approved November 14, 1936, provides ₱150,000 to be expended by the President of the Philippines for salaries, travel, and other expenses in connection with the holding of the Joint Trade Conference.

A resolution passed by the National Assembly requests that members of that body be included in the Philippine delegation.

TRANSPORTATION

42. *High seas.*—Increased sugar export and general trade was reflected in a definite improvement of high-seas cargo tonnage in 1936 over that of 1935. The increase in the total of cargo tons entered and cleared from January to September 1936 as compared with the like period in 1935 was over 20 percent. The pertinent report from the Insular Collector of Customs follows:

	January to September, metric tons	
	1935	1936
Cargo loaded	1,308,048	1,638,121
Cargo discharged	1,083,605	1,268,810
Total	2,391,653	2,906,931

While vessels of American registry continued to hold premier position in the value of both outward and inward cargo, their relative position declined from about 40 percent to slightly over 30 percent of the total. Vessels under the Japanese, British, and Norwegian flags profited far more, relatively, from the increase in shipping than did our own merchant marine. Even in the case of sugar, which is entirely dependent on the United States market and the special protection of its quotas and tariffs, less than 25 percent of the total tonnage shipped to the United States left the Philippines in American bottoms. Japanese vessels held first place in the sugar trade. The report of the Insular Collector of Customs on value of cargo by registries is given below:[4]

	January to September, value of export cargo		January to September, value of import cargo	
	1935	1936	1935	1936
Nationality of carrying vessel:				
United States	₱57,642,302	₱68,293,782	₱43,354,298	₱52,134,877
British	27,750,974	49,551,325	38,694,732	46,614,232
Japanese	24,107,060	48,889,481	10,749,782	13,459,393
Norwegian	11,641,591	23,681,227	9,266,092	12,688,142
Danish	6,725,709	8,035,526	2,617,027	2,972,272
Netherlands	4,835,029	7,305,493	6,646,952	8,115,620
German	1,721,789	4,342,616	5,795,734	7,430,930
Others	8,482,181	6,674,261	6,955,815	6,667,111
Total	142,906,635	216,773,711	124,080,432	150,142,577

43. *Interisland.*—Interisland cargo and passenger movement was considerably better than in the recent years. It did not, however, increase in proportion to overseas trade, as the bulk of abaca, sugar, iron ore, lumber, and timber, and much of the copra loads directly in high-seas vessels. Several new vessels were added to the coastwise

[4] Tonnage by registry, except for sugar, is not available this date (Dec. 15, 1936).

fleet. Schedules and service were generally augmented or improved.

44. *Land transport.*—Movement by rail was only slightly above last year. The gain was largely due to heavier sugar movement in the central Luzon districts which are off tidewater. Motor-land transport continued to gain, particularly in passenger movement. Although trucking over Luzon short hauls increased moderately, its more rapid expansion was checked by rate decreases and by certain proshipper policies followed by the Manila Railroad.

45. *Aviation.*—The Pan American Airways led in a notable advancement in aviation in the Philippines during 1936. After several engineering and survey flights from Alameda Airport through Honolulu, Midway, Wake, and Guam, the first trans-Pacific flight to Manila was completed on November 29, 1935. Between that date and December 10, 1936, the Clipper seaplanes have made 70 flights.

Mail has been carried from the first trip; commercial express service was established in May; and passenger service began with westward flight no. 57 from Alameda, October 21, to Manila, October 27. The Pan American Airways has constructed a temporary dock and passenger station adjacent to the Cavite Navy Yard. Negotiations are now under way for a permanent passenger terminal and maintenance installation at the seaplane basin under construction in Manila Harbor near Fort San Antonio Abad. It is expected to inaugurate service to Macao and Hong Kong when additional equipment is available shortly after the first of the year.

The Philippine Aerial Taxi Co. maintained regular service between Manila and Baguio and Manila and Paracale. The Iloilo-Negros Air Express Co. maintained its services on the southern triangle, Manila-Iloilo-Cebu-Manila, and its franchise flights to Mindinao and Davao until September 10, 1936, when regular service was suspended at the request of the company. The company's short lines, Iloilo-Bacolod-Fabrica-Iloilo, and charter trips, Iloilo-Cebu, are maintained. Full service will be reestablished with new equipment which should arrive before the end of the present year. During 1935 the local lines together carried 20,651 passengers and 3,432 kilograms of mail on trips totaling 508,115 flown miles in 4,982 flown-hours. From January to June 1936 the number of passangers carried was 10,010; miles flown, 306,620; and the hours flown, 1,868. During both years there was but one accident and no fatality.

A seaplane basin and a central national airport are under construction in Manila Harbor at Fort San Antonio Abad. It is planned to release approximately ₱500,000 for furthering these projects during 1937. An order of the President of the Philippines released in December defines, locates, and classifies airports and landing fields in the following groups:

	Completed	Under construction	Proposed
National airports	20	5	11
National emergency landing fields	10	3	4
Provincial airports and landing fields			
Municipal airports and landing fields			
Military airports (Philippine Army only)	1		
Private airports and landing fields	13		
Total	44	8	15

Two Filipino flyers, Mr. Antonio Arnaiz and Mr. Juan Calvo, completed a flight from Manila to Madrid during the period May 11 to July 11, 1936.

46. *Legislation.*—Legislation affecting transportation, other than the Manila Railroad, may be summarized as below:

Act 65, approved and effective October 22, 1936, extends United States Public Act 521, Seventy-fourth Congress, the "Carriage of Goods by Sea Act", to the Philippines with the proviso "that nothing in this act shall be construed as repealing any existing provision of the Code of Commerce which is now in force, or as limiting its application."

Act 67, approved October 3, 1936, and effective January 1, 1937, the 1937 Public Works Act, appropriates for aviation: Central national airport, ₱300,000; national airports and landing fields, ₱100,000.

Act 122, approved November 3, 1936, and effective January 1, 1937, amends section 1495 of the Administrative Code as amended by Acts 3248, 3274, 3526, and 4058; increases tax rates on lubricating oils, naphtha, gasoline, and lighter products of distillation.

Act 123, approved November 3, 1936, and effective January 1, 1937, amends sections 8 and 73 of Act 3992; increases tax rates on motor vehicles.

Act 130, approved and effective November 6, 1936, amends Act 3592 making the port works fund derived from wharfage fees on high-seas vessels available for investigation, construction, improvement, and maintenance of airports and landing fields and for the purchase and maintenance of necessary equipment.

Act 168, approved and effective November 12, 1936, repeals and replaces Acts 3909 and 3996, and establishes an entirely new Air Commerce Act. The Division of Aeronautics is abolished and a Bureau of Aeronautics created. The new act repeals the former provisions for correspondence of Philippine with United States standards in respect to airworthiness of aircraft, competence of airmen, and acceptance of United States licenses for aircraft and airmen. The act further provides that only Philippine citizens may be airmen or engage in air commerce in the Philippines (except armed forces of the United States and Philippine Governments) and no permit shall be issued for the operation of any aircraft in air commerce that is not absoltuely owned and exclusively controlled by Philippine citizens or by corporations of which Philippine citizens compose the directing head, at least two-thirds of the directors, and own and control two-thirds of the voting interest.

Act 196, approved and effective November 18, 1936, amends section 1172 of the Administrative Code as amended; permits foreign citizens, owners of Philippine coastwise vessels totally lost through marine disaster during 1936, to replace lost vessels with new vessels of the same or lesser tonnage.

Act 223, approved and effective November 29, 1936, amends Acts 3806 and 3869 and provides ₱150,000 to cover air-mail contracts within the Philippines and between the Philippines and foreign countries. Contracts are limited to 5 years and the rates are not to exceed ₱1.50 per airplane-mile for a load of not to exceed 200 pounds; plus one-tenth of the rate for each additional 50 pounds.

For contracts covering air mail to foreign countries the rates are to be fixed per kilometer, per kilogram, or the equivalent of additional postage.

Act 97, approved and effective October 27, 1936, permits aviation schools and air-service companies to secure permits for renting airplanes for air photography, land survey or exploration, air advertising, sanitary control or occasional trips between points not served by franchised companies or due to inability of operating concern to furnish the service.

Act 222, approved and effective November 29, 1936, amends sections 3 and 21 of Act 4272; requires the Iliolo-Negros Air Express Co. to install radio transmitting sets in ships when the duration of flight is in excess of 1 hour; authorizes, upon approval by the President of the Philippines, temporary or permanent and partial or entire alienation of franchise rights to, or merger with, other enfranchised companies.

EXCHANGE AND BANKING

47. *Bank exchange.*[5]—The bank selling rate of dollars, telegraphic transfer, was relatively weak throughout the year, characterized by unusual par and relatively heavy discount rates. During the summer months, May to August, the rates stiffened to low premiums, but receded to discounts from September on. The situation contrasted with 1935 when the dollar remained at premium throughout the year. The following table presents the comparison:

Sellers' United States dollar rates, telegraphic transfers

	1935	1936
Opening	5/8 percent premium (January)	1/4 percent premium (January).
Maximum	3/4 percent premium (June, July)	1/2 percent premium (June).
Minimum	1/4 percent premium (December)	3/8 percent discount (March, April).
Closing	do	1/8 percent discount (October).

The aggregate amount of exchange sold and bought by banks was as follows:[6]

	In thousands of pesos January to September	
	1935	1936
Spot exchange:		
Bought	96,327	121,709
Sold	105,696	129,325
Future exchange:		
Bought	97,719	120,073
Sold	77,575	88,716

48. *Banking.*—The Bank Commissioner's report, released late in 1936, summarized bank conditions in 1935 as follows:

Comparative figures of consolidated assets and liabilities of banks operating in the Philippines as of December 31, 1935, and December 31, 1934, reveal that

[5] Compiled from the monthly reports of the American Trade Commissioner, Manila.
[6] A relatively small amount of exchange was bought and sold by the Insular Treasurer on the Exchange Standard Fund.

the aggregate resources of banks and trust companies for 1935 registered a decided increase compared to all 5 years previous, the net increase over that at the close of 1934 amounting to approximately ₱16,000,000.

Comparing 1934 and 1935, the same report stated that loans, discounts, and overdrafts increased by ₱13,200,000; investments by ₱3,900,000; bills of exchange by ₱4,000,000; cash on hand by ₱5,700,000; while decreases in the items "due from banks" and "real estate acquired and other resources" were ₱3,000,000 and ₱8,400,000, respectively. Total deposit liabilities were covered at 130 percent of statutory reserves. Total resources were ₱275,011,130 as against ₱259,032,373 at close of previous year. Deposits increased from ₱153,837,207 to ₱171,894,896.

The following details are taken from the weekly reports of the Bank Commissioner for the dates indicated:

	In thousands of pesos	
	Sept. 28, 1935	Sept. 26, 1936
Total resources	251,159	308,846
Investments	55,429	65,494
Cash on hand	22,895	33,475
Loans and discounts	98,455	50,581
Overdrafts		59,445
Demand deposits	58,075	95,951
Savings deposits	83,605	38,226
Time deposits		58,448
Net amount due from banks, agencies, and branches in Philippines	5,570	14,626
Net amount due from other banks	27,806	31,437
Net amount due to Philippine branches from foreign banks		436
Net amount due from Philippine branches to foreign banks	9,178	

Average weekly debits to individual accounts from January 1 to September 26, 1936, were ₱36,256,000. The comparable figure in 1935 was ₱23,633,000.

The data listed above indicate that 1936 should show even greater improvement over 1935 than did 1935 over 1934. Comparing the 9-month periods, practically every index item is up from 10 to 60 percent, average weekly debits have increased over 50 percent, and there are no sums due to head offices of foreign banks.

49. *Stock market.*—The Philippines experienced remarkable activity in the exchange of gold-mining stock. As early as 1931 there had been a revival in gold prospecting and a continuous flow of new issues due to organization of prospecting associations, mining companies, and "investment" syndicates. A very few new mines erected mills or were brought into production prior to the revaluation of the dollar. With the increase in the apparent commodity value of gold, all these activities were highly stimulated.

The most potent factor in the gold boom was the sudden accumulation of a relatively large sum of money of low marginal utility. Within a period of less than 18 months, covering parts of 1935 and 1936, Federal Government benefit payments totaling over ₱30,000,000 were made to sugar planters. Prior to 1935 sugar income had been largely returned to the industry for two purposes: To settle long-term debts contracted during 1918 to 1922 for the erection of sugar mills; and to expand the area devoted to cultivation of sugarcane.

By 1934 the debts were largely liquidated and the limitation of sugar entering the United States put a sudden end to expansion. In addition, low prices ruling for several years for copra, abaca, and tobacco effectively discouraged plantation development in other customary crops. Thus the quick accretion of benefit payment funds amounting to 25 percent of normal circulation and nearly 10 percent of normal bank credits created a careless pool which sought the outlet of speculative play rather than productive investment.

Late in 1935 the Manila Stock Exchange, at the time a very limited trading floor, became literally overwhelmed with purchasers. The old issues appreciated rapidly. Beginning early in 1936, new issues appeared with increasing rapidity; a second exchange, the International, was opened and a third planned.

During the peak of the boom, financial support in moderate amounts came from the China coast, principally Hong Kong. In addition, the civil war in Spain stopped the usual flow of remittances to the peninsula. In October a number of financial and mining leaders issued open statements deprecating the street boom and frankly warned the public that the assets of listed stocks did not warrant their excessive market value.

The bull market continued until the first week in November, supported in part by advances from exporters to sugar planters against the 1937 crop and marginal operations through brokers and "investment" houses. Commitments reached serious proportions, and a general clearance set in, causing the market to decline very rapidly. An upward reaction in the latter half of November was liquidated by further declines at the end of the month and early in December.

The Swan, Culbertson & Fritz Index[7] opened the year at 50, reached 125 by July 1, averaged over 245 during October, declined to 163 on November 11 after a quick recovery to 218 on November 13, declined again to 138 on December 2, and stood at 161 on December 12. A chart of the daily index from January 1 to November 29, 1936, is included as a part of this report (appendix C).

50. *Legislation.*—Enactments since the inauguration of the Commonwealth having to do with the financial market include:

Act 6, approved and effective December 31, 1935, authorizes the Philippine National Bank to write up such assets written off wholly or partially under the terms of Act 3174, which have increased in value.

Act 7, approved and effective December 31, 1935, creates a national loan and investment board; empowers it to invest all funds, except those administered by the Insular Treasurer, available for loan or investment subject to conditions and limitations prescribed by the laws creating each individual fund.

Act 40, approved and effective October 12, 1936, repeals section 2 of Act 4260, provides for crediting to the Postal Savings Bank the amounts escheated to the Commonwealth of the Philippines as a result of civil case 47549 of the Court of First Instance of Manila.

Act 83, approved and in general effective October 26, 1936, regu-

[7] The Swan, Culbertson & Fritz Index is conservatively formed on the daily percent of change in the market value of the stocks of 10 producing mines. The base was their average market values in March 1935.

lates sale of securities; creates a securities and exchange commission to enforce the provisions of the act.

Act 109, approved and effective October 30, 1936, amends sections 2, 4, and 5 of Act 7; limits the amount available for investment to 20 percent of each fund and adds certain technical and administrative provisions.

Act 112, approved and effective October 31, 1936, authorizes the investment by the National Loan and Investment Board of Postal Savings Bank, teachers' retirement and disability and San Lazaro estate funds in advances to the National Government for construction of toll bridges.

Act 198, approved and effective November 18, 1936, repeals section 1989 of the Administrative Code as amended, thereby abolishing the Postal Savings Bank Board; amends section 2002 of the Administrative Code as amended; empowers the Secretary of Public Works and Communications to declare dormant bank accounts and publish the same.

Act 214, approved and effective November 21, 1936, appropriates ₱137,000 for establishment of post offices in municipalities without postal service, for extension of postal savings bank and money-order service to all post offices already established but without such facility, and for maintenance and operation of same to December 31, 1937.

DOMESTIC TRADE AND INDUSTRY

51. *General.*—Domestic trade as reflected by sales-tax returns in 1936 is running about 30 percent ahead of 1935. However, most of the improved trade is to be credited to local turnover of the increased volume of imports and exports and relatively little to trade in indigenous products. Although the National Economic Protection Association and the Philippine Bureau of Commerce, through its trade-center program, have actively stimulated small-goods manufacture and exchange, there was no significant advance toward effective industrialization during 1936. Except for the immediate elaboration of agricultural and forest raw materials (sugar and coconut-oil mills, cordage, cigar and cigarette manufacture, and sawmills) factory production is limited to cement, soap, paint, and footwear production, and in these latter lines, except cement, self-sufficiency is scarcely approached. The metallurgical industries are not represented in the Philippines.

New construction from January to September 1936 was valued at more than double that of the same months in 1935. Real-estate transactions were on the same quantity and price levels as in 1935, but in advance of several previous years. Consumption of electric current improved about 4 percent over last year but will not greatly exceed 120,000,000 kilowatt-hours.

52. *New commercial registrations.*—1936 has run ahead of all previous years in the number of new stock companies and partnerships established as well as in the amount of resident capital subscribed. Most of the new ventures are in mining and in brokerage, investment, and operating companies connected with the gold boom. The details of registrations as reported by the Bureau of Commerce are:

	January to September	
	1935	1936
New stock companies—number	197	264
Authorized capital	₱38, 922, 890	₱75, 878, 800
Subscribed capital	15, 222, 969	25, 325, 512
Paid-up capital	3. 208, 976	9, 935, 543
Paid-up in property	7. 838, 607	1, 803, 033
Paid-up in mining claims	2, 034, 100	420, 000
New partnerships—number	87	103
Paid-up capital	₱8, 123, 719	₱4, 010, 453

53. *Government rice policy.*—Probably the most important development in domestic trade during 1936 was the establishment of the National Rice and Corn Corporation, with functions and operations detailed elsewhere in this report. Consistent effort through many years by propaganda and education for the extension of rice and corn production, repeated increases in the customs tariff against imported rice, and homestead and land settlement laws combined to bring the Philippines within the past 6 years to practical self-sufficiency in cereal diet. The distributive process, however, has remained in the hands of country landlords and Chinese buyers, millers, and retailers. There have been repeated charges of profiteering and hoarding of postharvest purchases for subsequent preharvest selling at prices beyond the purchasing power of laborers and peasants. The National Rice and Corn Corporation, in addition to its relief and other functions, is attempting to nationalize distribution of palay and rice and stabilize the price throughout the year.

54. *Rice Commission.*—On February 17 the President of the Philippines, by Executive Order No. 18, created a rice commission and appointed the Honorable Manuel Roxas, former Speaker of the House of Representatives, as chairman of the commission. The purpose of the commission, as stated in the executive order, was to "* * * make a careful investigation and study of the rice problem and recommend measures for immediate relief, including the proper distribution of rice throughout the Philippines at reasonable prices * * * study further ways and means to insure at all times a steady and sufficient supply of this commodity so as to prevent the recurrence of a rice shortage * * *." After prolonged discussions and over the original opposition of the National Economic Council, the rice commission determined upon the establishment of the National Rice and Corn Corporation.

55. *National Rice and Corn Corporation.*—The National Rice and Corn Corporation registered its articles on April 7, 1935. Its general purpose is given as—

> The rehabilitation and stabilization of the rice and corn industry of the Philippines through the maintenance of a stable price for said commodities, the prevention of speculation in the marketing thereof and the exploitation of the consumers, the financing of the producers of the raw product as well as other activities of the industry needing such assistance, and the study and execution of such measures as may be necessary and convenient to protect the interests of both the producers and the consumers.

Very board powers are given the corporation to: Buy, sell, import, export, or deal in any manner in any business directly or indirectly

related to the industry, including byproducts; borrow and raise funds for operations. including loans to any element in the industry; establish and conduct transportation lines and warehouses, stores, etc. Geographically, it is permitted to operate in the Philippines, the United States and its possessions, and in foreign countries. The life of the corporation is set at 30 years.

The capital was set at ₱4,000,000, of which ₱2,000.000 was subscribed, including seven qualifying shares and ₱1,999,300 by the National Development Co. These amounts have been paid in.

56. *Policy.*—The Honorable Vicente Singson Encarnacion, President, publicly stated the policies of the corporation in the following terms:

1. That the main objective of the corporation will be to stabilize the prices of rice and palay at reasonable levels taking into consideration the interests of the rice producers, the distributors, and the general consuming public. The profit motive will be regarded as of secondary importance.

2. That in the determination of reasonable price levels, due consideration will be given to usual differences in prices obtaining in different sections of the country. In accordance with this policy the prices may vary in different sections as local conditions may require, but the corporation should determine what the reasonable price level should be in every section and be ready to meet the situation should any abnormal fluctuations in prices occur.

3. That in the maintenance of a proper balance between the price of rice and palay, the differences in the cost of production in different sections of the country should also be taken into consideration.

4. That in its effort to stabilize prices by the sale of imported rice in the local market, the corporation must not lose sight of the fact that the available supply of native rice should not be eliminated from the market. Under this policy the corporation should sell its stock of imported rice within proper limits and should not fix the price of the imported rice so low as to divert the trade to the imported cereal to a greater extent than necessary.

5. The National Rice and Corn Corporation will operate primarily as a relief organization created to alleviate suffering or difficulty that might arise in connection with the rice supply in any section of the country. This fact should be considered in fixing the price of rice that the corporation may be called upon to supply for relief purposes.

The activities of the corporation have centered principally in the importation of rice from French Indo-China duty free and its resale through agents in the Provinces at less than the otherwise ruling market price. The avoidance of duty payment rests upon executive interpretations of the Philippine Customs Tariff as amended by Act 4198, approved by the President of the United States March 4, 1935, which reads as follows:

Section 1. Section 11 of the Act of Congress of August 5, 1909, entitled "An Act to raise revenue for the Philippine Islands, and for other purposes", is hereby amended by adding at the end of said section a new paragraph to read as follows:

"354. Food, clothing, house-building and sanitary-construction materials, and medical, surgical, and other supplies for use in emergency relief work, when imported by or directly for the account of any victim, sufferer, refugee, survivor, or any other person affected thereby, or by or for the account of any relief organization, not operated for profit, for distribution among the distressed individuals, whenever the Governor-General shall by proclamation declare an emergency to exist by reason of a state of war, pestilence, cholera, plague, famine, drought, typhoon, earthquake, fire, flood, and similar conditions, subject to such regulations as the Insular Collector of Customs may prescribe with the approval of the Secretary of Finance: *Provided*, That the importation free of duty of articles, goods, wares, or merchandise described herein shall continue

only during the existence of such emergency, or within such limits and subject to such conditions as the Governor-General may, by his proclamation, deem necessary to meet the emergency."

SEC. 2. When this Act shall have been approved, expressly or impliedly, by the President of the United States of America, as provided in section 10 of the Act of Congress of August 29, 1916, entitled "An Act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands and to provide a more autonomous government for those Islands", such fact shall be made known by proclamation by the Governor-General of the Philippine Islands, and this Act shall take effect on the date of such proclamation.

The executive interpretations were three: (*a*) A continuing emergency within the meaning of Act 4198 exists throughout the Philippines; (*b*) the National Rice and Corn Corporation is a "relief organization" within the meaning of Act 4198; (*c*) the National Rice and Corn Corporation is not operated for profit within the meaning of Act 4198.

The validity of the first two interpretations rests upon a series of proclamations by the Governor-General and the President of the Philippines:

1. Proclamation of the Governor-General No. 845, September 26, 1935, had in effect declared an emergency due to the extraordinary increase in the price of rice as a result of shortages in production aggravated by recent typhoons and proclaimed all the provisions of Act 2868, except those relative to price fixing, to be in effect until further notice. This policy was carried out by executive order of the Governor-General No. 872, September 27, 1935, as amended by Executive Order of the President of the Philippines No. 21, March 5, 1936.

2. Proclamation of the President of the Philippines No. 11, November 30, 1935, declared that the proclamation of the Governor-General No. 845 was "still in force due to the continuance of the state of emergency with respect to rice because of drought, typhoon, flood, and similar conditions." Proclamation No. 11 further authorized the importation by the Government of rice duty-free under Act No. 4198.

3. Proclamation of the President of the Philippines No. 58, April 23, 1936, designated the National Rice and Corn Corporation as a relief organization for the purpose of importing rice, free of duty, under Act 4198. It further transferred to the corporation from the Director of Commerce the enforcement duties in connection with Act 2868 authorized by Executive order of the Governor-General No. 872 as amended by Executive Order of the President of the Philippines No. 11.

The validity of the third interpretation was contested by the Insular Collector of Customs who on May 31, 1936, advised the corporation of his decision to levy duty on its importations of foreign rice, claiming that at the announced resale price (₱0.28 per ganta) the corporation would make a substantial profit. The corporation replied that whatever profits it might make in the distribution of duty-free rice would be incidental and temporary, and eventually would be expended in operations under their general policy of stabilization, including loans to rice producers. The collector insisted

upon a literal interpretation of the words "operated for profit." The question was elevated to the President of the Philippines who issued the following decision in a public statement on May 26:

> The question raised by the Collector of Customs as to the duties on rice imported by the Rice and Corn Corporation was discussed this morning at a conference with the President attended by the Secretary of Finance, the Secretary of Justice, the Collector of Customs, and representatives of the Rice and Corn Corporation.
>
> After all the facts and laws concerned in this matter were considered, upon the advice of the Secretary of Justice, the President decided that the duty-free importation of rice by the Rice and Corn Corporation as a relief organization is within the meaning and purport of Act No. 4198 and of other acts of the Philippine Legislature and within the authority granted to said corporation under the proclamations issued by the Chief Executive pursuant to said laws and the general powers vested in him by the Constitution.

The Secretary of Justice issued a further statement on May 28:

> Under the Executive order issued by the President, the Rice and Corn Corporation is an agency of the Government with the specific duty of stabilizing the rice market. Any controversy that it may have with any Government agency is political in nature and it is the duty of the Executive to decide it, not the courts.

Early in December, the corporation had extended its activities to include the purchase and storage of newly harvested palay. A number of agents have been dispatched to Central Luzon, the Bicol region, and northern Panay Island (Capiz) to purchase current second grades at from ₱2.25 to ₱2.50 per cavan (palay cavan is 44 kilos, net). In cooperation with the Department of Finance and the Philippine National Bank, the corporation has commissioned municipal treasurers to purchase, as subagents of the Philippine National Bank, lots of palay from small farmers, not exceeding 50 cavanes from the same farmer. The municipal treasurers will receive a commission of 3 cents per cavan on all purchases, commissions not to exceed ₱40 per month.

To facilitate its operations, the corporation has leased some 50 or more warehouses and several mills. The capacity of leased storage is about 750,000 cavanes.

The rates at which the palay is being purchased are not excessive for harvest-time price levels even considering a normal harvest. The corporation hopes by storage and controlled distribution to raise the usually low harvest-time level and cut down the unreasonably high preharvest level of prices. There is a difference of opinion as to quantity of production for the 1936–37 rice year. The Department of Agriculture and Commerce believes there will be a surplus; various private traders, the corporation's agents, and the Philippine Army command which is in close touch with rural conditions through its constabulary, look for a substantial deficit. The best calculators pronounce that it is entirely too early to offer a safe estimate.

57. *Financial operations.*—The profit and loss statement of the corporation from April 24 to July 31, 1936, showed the following operations:

Saigon (imported) rice operations:	
Purchases, 423,386 sacks costing	₱1,653,795.85
Sales, 367,730 sacks at	2,290,076.12
Inventory, 55,656 sacks valued at	221,793.55
Gross profit	858,073.82
Macan (native) rice operations:	
Purchases, 10,000 sacks costing	66,500.00
Sales, 2,457 sacks at	16,497.60
Inventory, 7,543 sacks valued at	50,038.10
Gross profit	35.70
Total gross profit on sales (37 percent)	858,109.52
Financial income:	
Interest	4,271.21
Miscellaneous	9.02
Total financial income	4,280.23
Total income	862,389.75
Expenses:	
Administrative	17,671.34
Selling	43,032.51
Investigations	2,606.89
Total expenses	63,310.74
Total net profit	799,079.01
Ratio of net profit to gross sales—percent	35

58. *National Development Co.*—The National Development Co. assumed a more active position than for several years past. It provided ₱2,000,000 capital for the National Rice & Corn Corporation. One million of this amount was taken from the Cebu Portland Cement Co. as a dividend to the National Development Co. The other million was secured by additional sale of stock of the National Development Co. to the central Government. Reforms in the administration of the Sabani estate were continued but geographical disadvantages continue to delay satisfactory solution of the disposition of the area.

59. *Cebu-Portland Cement Co.*—The report of the auditor of the Cebu-Portland Cement Co. for 1935 showed a net profit of ₱342,745.44 as compared to ₱442,510.08 in 1934, related to outstanding capital at 13 and 16 percent, respectively. Production was 386,016 barrels as compared with 357,312. Bin cost was ₱1.8204 as compared with ₱1.848. Sales were 357,570 barrels at an average price of ₱4.3989 as against 357,230 barrels at ₱4.6830 in 1934. The company's total assets at the end of 1935 were ₱5,702,495.05 as against total liabilities of ₱69,532.50. The net worth was divided: ₱2,750,800 in capital stock and ₱2,882,162.75 in surplus left in the business. During the year, drilling of the company's Uling-Naga coal measures was carried on to determine the propriety of reopening the mines. Surveys for a nearby source of gypsum were undertaken. No report on 1936 operations is available at this date.

60. *National Economic Council.*—The National Economic Council created by Act 2, approved and effective December 23, 1935, was organized in February and its directors have held several meetings. Its immediate studies and preliminary recommendations have been directed to survey for development of additional hydroelectric power.

61. *National Power Corporation.*—Act 120, approved and effective November 3, 1936, appropriates ₱250,000 to create a national power board which, in turn, is to create a National Power Corporation which is conditionally empowered to issue bonds to the extent of ₱20,000,000, guaranteed by the Commonwealth for the purpose of surveying and investigating, constructing, and operating hydroelectric power plants, and selling power at its own rates, not subject to revision by the Public Service Commission.

62. *National Produce Exchange.*—Act 192, approved and effective November 14, 1936, creates a national produce exchange with a central exchange in Manila and subsidiary exchanges in the Provinces to provide trading floors for agricultural products.

63. *Radio Board.*—Act 98, approved and effective October 22, 1936, creates a radio board to study and report means for nationalization or acquisition by the Commonwealth Government of radio broadcasting and provides for practically unlimited censorship of programs. Pending appointment of the Radio Board, its authority rests in the Secretary of the Interior.

64. *New taxes.*—The early date of this report makes impossible a satisfactory analysis of the following measures enacted in the last session of the National Assembly which increase taxation on domestic trade and industry:

Act 106, approved and effective October 29, 1936, amends section 1536 of the Administrative Code as amended by section 10 of Act 2835 and section 1 of Act 3031; increases the rates and extends the application of the inheritance tax to include nonresident decedents, and shares, obligations, or bonds of foreign companies.

Act 117, approved November 3, 1936, and effective January 1, 1937, amends sections 1, 3, 7, 8, 10, 17, and 21 of Act 2833 as amended by Acts 2926, 3026, 3605, and 3761; increases income-tax rates including rates on corporate surpluses.

Act 118, approved and effective November 3, 1936, levies insular fees on the slaughter of livestock.

Act 128, approved and effective November 5, 1936, levies a tax of 5 percent, in addition to existing taxes, on gross receipts of theaters, cinematographs, concert halls, circuses, boxing exhibitions, cabarets, race tracks, cockpits, and other places of amusement whose admission prices exceed 40 centavos.

Act 135, approved and effective November 7, 1936, amends section 1487 of the Administrative Code; increases the tax rates on beer and other fermented liquors, except native liquors.

Act 195, approved November 18, 1936, and effective July 1, 1938, amends section 887 of the Administrative Code and section 3 of Act 3097; changes the form of deposit and bond and increases the initial and annual fees for purchase and possession of firearms.

Act 203, approved November 18, 1936, and effective January 1, 1937, amends section 1464 of the Administrative Code, increasing the fixed tax on retail leaf-tobacco dealers.

65. *Other legislation.*—Several other measures, not mentioned elsewhere in the report, have a direct bearing on domestic trade:

Act 11, approved and effective December 31, 1935, and Act 24, approved and effective August 31, 1936, vest the voting power of the National Development Co. in the President of the Philippines.

Act 46, approved and effective October 13, 1936, amends Act 3740, "An act to penalize fraudulent advertising, mislabeling or misbranding"; strengthens it by including display or possession in salable quantities of a fraudulently advertised, mislabeled, or misbranded article, false packing, and misrepresentation of amount and contents of packages.

Act 50, approved and effective October 14, 1936, directs the National Development Co. to build and operate bonded warehouses for copra and other agricultural products.

Act 56, approved and effective October 17, 1936, amends sections 878, 883, and 2692 of the Administrative Code; requires a license for the manufacture, purchase, sale, or possession of firearms, firearm parts, ammunition, or any tool used in the manufacture of firearms or ammunition.

Act. 76, approved and effective October 24, 1936, amends section 2444 of the Administrative Code as amended by Act 3669 (charter of the City of Manila); removes the limitation on authority of the municipal board to levy a combined total tax in excess of ₱500 in respect to "tailor shops, milliners, manufacturers of embroideries, sails or awnings, or both; rope, paper, slippers or sandals, or both; harness or valises or bags, or any of them; textiles, shell lamps, or lamp shades, or both; statuettes or tombstones, or both; sacks, rattan goods, wire or brass beds, or both; men's shirts, hats, printers, or bookbinders, or both; eyeglasses or optical goods, or both; dyes, bottles, or glasswares, or both; salted or dried fish, or both; fertilizer, nails, and buttons, * * * dealers in new automobiles or accessories, or both, * * * retail dealers in general merchandise, * * * retail dealers exclusively engaged in the sale of (*a*) textiles, including knitted wares; (*b*) hardwares, including glasswares, cooking utensils, electrical goods, and construction materials; (*c*) groceries, including toilet articles except perfumery; (*d*) drugs, including medicines and perfumeries; (*e*) books, including stationery, paper, and office supplies; (*f*) jewelry; (*g*) slippers; (*h*) arms, ammunitions, and sporting goods."

Act 95, approved and effective October 27, 1936, directs the National Development Co. to build and operate bonded warehouses for tobacco and other agricultural products.

Act 107, approved and effective October 29, 1936, amends Act 3997; transfers collection of radio fees from the Bureau of Posts to the Bureau of Internal Revenue.

Act 108, approved and effective October 30, 1936, provides heavy penalties for Philippine and United States citizens who allow their names to be used to cover evasions in cases where the exercise of rights, privileges, or franchises are limited to such citizens.

Act 113, approved November 1, 1936, and effective November 1, 1937, amends Act 3292 and Act 4176; provides that translations of accounts not kept in a native language, English, or Spanish must be made by the bookkeeper of the person or company and certified to under oath by the bookkeeper or manager.

Act 147, approved November 7, 1936, and effective January 1, 1937, appropriates a revolving fund of ₱500,000 for the National Development Co. and directs it to classify, fix prices, buy and sell buntal fiber; and in conjunction with bill 11, submitted to the President of the United States under section 2 (a) (9) of the Tydings-McDuffie Act (see "Legislation" under "Overseas trade", above), seeks to effect a monopoly in buntal fiber in favor of the National Development Co. However, an inconsistency has arisen in the circumstance that approval by the President of the United States of bill 11 would automatically nullify Act 147.

Act 167, approved and effective November 12, 1936, amends Act 3582; permits the Board of Censorship for moving pictures to appoint agents to carry out its duties.

Act 182, approved November 13, 1936, and effective January 1, 1937, repeals Acts 2849 and 2873; provides a new charter for the National Development Co., changing it from a "private" Government-owned corporation to a "public" Government-owned corporation, thus permitting it to hold land in area in excess of that permitted to private entities under the Commonwealth Constitution.

Act 205, approved and effective November 20, 1936, amends section 2 of Act 3071; prohibits the use of registered containers, not sold by the owners, but for which deposits are required for their return, as containers of any other commercial product.

Act 207, approved and effective November 20, 1936, amends sections 2727 and 2728 of the Administrative Code; penalizes unlawful possession as well as unlawful removal of articles subject to specific tax and increases the penalties therefor.

Act 215, approved and effective November 21, 1936, amends sections 1457, 1459, 1464, 1466, and 1473 of the Administrative Code; increases fixed tax upon business subject to percentage tax from ₱2 to ₱4 per year; removes exemption of persons engaged in retail sale of food products in public markets from payment of percentage taxes on business; imposes business taxes on customs and immigration brokers, and proprietors, lessees or concessionaries of cabarets.

AGRICULTURAL PRODUCTION

66. *Rice.*—The palay crop for the year ended June 30, 1936, did not exceed 43,000,000 cavanes (equivalent to 21,500,000 cavanes of husked rice) as against nearly 46,000,000 for the 1934–35 crop year. The available palay for 1936 was some 3,000,000 cavanes below normal requirements. In spite of increased acreage, the 1936–37 crop, harvest beginning in December, probably will be less than the last crop due to unfavorable weather conditions and floods.

67. *Corn.*—No reliable report is available but the best opinion inclines to a small increase over 1935.

68. *Sugar.*—Due to increased quotas, the planting for the 1935–36 crop was more than double the area harvested in 1934–35. However, serious floods late in 1935 reduced the yield to below the total of the United States, domestic and reserve quotas. By October 1936 the accumulated reserve designed to be held at between 75,000 and 100,000 short tons had been reduced to less than 30,000 short tons. Planting for the 1936–37 crop was very heavy and as weather con-

ditions have been normal, the reserve should be built up to at least 60,000 short tons by July 1, 1937.

69. *Coconuts.*—No official report on copra production, the direct index for coconut yield, is yet available but judging from arrivals at Manila and Cebu, 1936 production should be somewhat higher than for 1935. There have been no pests nor serious typhoon damage in the coconut districts for over 2 years. Within a moderate range, the price of copra affects production. Low prices discourage and high prices stimulate collection, often inducing the small-scale producers to gather immature nuts. Prices for copra have been unusually good during 1936 and this alone should result in moderate increase.

70. *Abaca (Manila hemp).*—There was a decrease in abaca production during 1936, but reports are not available either to measure or account for the decline.

71. *Tobacco.*—Although during the early part of the year estimates of the 1936 tobacco crop were very high, the actual harvest in the Cagayan Valley was about normal, although nearly 50 percent better than the short crop in 1935. December floods in the valley have damaged to an undetermined degree leaf stored at farm site. No prediction respecting the 1937 crop is available at this time.

72. *Legislation.*—Legislation of particular interest to agriculture and livestock production is listed below:

Act 12, approved and effective December 31, 1935, appropriates ₱100,000 for extermination or control of locusts as provided in Act 3924 and for waging a campaign for the control of bud rot and other coconut pests for 1936.

Act 18, approved and effective January 2, 1936, amends section 13 of Act 4197; makes available for construction and maintenance of roads and bridges to and in settlement districts, the unexpended balance from the ₱1,000,000 appropriated for the establishment of settlement districts.

Act 20, approved and effective July 11, 1936, authorizes the President of the Philippines to institute expropriation proceedings or negotiations for acquiring portions of large estates now used as home sites and resell them at cost to bona-fide occupants; appropriates ₱1,000,000 for this purpose.

Act 30, approved and effective September 8, 1936, amends sections 34, 36, and 37 of Act 2874 as amended by sections 7, 8, and 9, respectively, of Act 3517; increases area of public lands leased for pasture purposes from 1,024 to 2,000 hectares; reduces rental of pasture lands from 3 to 2 percent of appraised and reappraised value; limits renewal of leases to 25 years.

Act 32, approved and effective September 15, 1936, orders the Director of Lands to subdivide Friar Lands remaining undisposed and sell them at prices originally fixed with interest accruals to be canceled; allows purchasers 10 years' time to pay; gives preference in purchases to bona-fide occupants.

Act 35, approved and effective October 6, 1936, amends sections 1, 2, 6, and 7 of Act 4181; consolidates all taxes on real property and penalties due thereon for 1935 and previous years to be set up as an account against the owner of the delinquent property; provides for payment in 10 equal annual installments after January 1, 1936; sets aside previous forfeitures but prescribes seizure of property in case

of delinquency in payment of any current year's taxes; specifies delinquency in payment of taxes subsequent to 1935 instead of 1934 as one of causes for forfeiture of previous payments in consolidated tax and penalty accounts.

Act 53, approved and effective October 17, 1936, provides for the acceptance of testimony of lessors and tenants of land as prima-facie evidence relative to terms of lease and tenancy contracts which are not reduced to writing or are not written in a language known to the lessor or tenant.

Act 66, approved and effective 15 days after publication in the Official Gazette, requires free verification by justices of the peace and free registration by registers of deeds of agricultural or crop loans not exceeding ₱200 made by the Philippine National Bank.

Act 77, approved and effective October 26, 1936, amends Act 4166; extends Government control over the manufacture of centrifugal sugar for consumption within the Philippines, for export to countries other than continental United States, and for storage as reserve to include the 1939–40 crop. Broader executive discretion is allowed in the allotment of domestic and reserve quotas to mills and planters.

Act 83, approved and effective October 26, 1936, amends section 1765 (f) of the Administrative Code by extending the powers of the Director of Animal Industry, vesting in him the supervision and control of municipal meat and milk-inspection systems except in matters of sanitation and public health coming under the jurisdiction of the Bureau of Health.

Act 86, approved and effective October 26, 1936, amends sections 1, 2, and 3 of Act 2758 as amended, providing for establishment of stock herds and farms, and amends section 4 of Act 3632, extending the provisions of said laws applying to breeding stations and slaughterhouses to include experiments and researches on the manufacture, preservation, and utilization of animal products.

Act 100, approved and effective October 28, 1936, amends section 1838 of the Administrative Code as amended by Act 3820, and increases area of leases or permits for use of forest lands and vacant public lands for fishponds, nipa and mangrove plantations, pastures, and rights-of-way from 200 to 2,000 hectares; prescribes collection of double the regular rental rates for occupation of forest lands and vacant public lands, not declared agricultural lands, without permits.

Act 105, approved and effective October 29, 1936, appropriates ₱75,000 for expenditures by the Director of Lands in subdivision of undisposed Friar Lands provided for in Act 32.

Act 110, approved and effective October 30, 1936, appropriates ₱100,000 for extermination or control of locusts as provided in Act 3924 and for waging a campaign for the control of bud rot and other coconut pests for 1936 and 1937.

Act 115, approved and effective November 3, 1936, amends sections 67, 69, and 70 of Act 4003; includes in revenue powers of municipal councils the granting of exclusive privilege to take or catch milk fish (bangus) fry.

Act 116, approved and effective November 3, 1936, authorizes the National Loan and Investment Board to loan the rice and corn fund not only to agricultural cooperative associations but also to cooperative marketing associations; converts this fund into a revolving fund to be known as the Agricultural cooperative fund.

Act 133, approved and effective November 6, 1936, amends Act 2508 known as the rural-credit law, as amended, transfers authority over agricultural credit cooperative associations from Director of Plant Industry to Director of Commerce; prescribes penal sanctions for specific violations of the law; effects technical and administrative changes in organization, operation, and dissolution of agricultural credit cooperative associations.

Act 134, approved and effective November 7, 1936, appropriates ₱50,000 for control and eradication of foot-and-mouth and other contagious animal diseases.

Act 141, approved November 7, 1936, and effective December 31, 1936, amends many existing enactments and regulations affecting disposition and administration of public lands; limits alienation to citizens of the Philippines, but in section 127 provides for equal rights of United States citizens during the Commonwealth period.

Act 151, approved and effective November 8, 1936, appropriates ₱17,000 for repair of two dams in the Friar land estates.

Act 155, enacted without approval and effective November 9, 1936, amends section 1 of Act No. 4142; authorizes chartered cities, municipalities and municipal districts to charge reasonable fees, instead of fixed maximum of 2 centavos per kilo of dressed meat, for slaughter of animals for sale or consumption.

Act 166, approved and effective November 12, 1936, appropriates ₱100,000 for survey and subdivision of all agricultural public lands extending three kilometers from each side of all public highways.

Act 176, approved and effective November 13, 1936, amends section 31 of Act No. 2152 as amended by section 12 of Act No. 3523; provides for repair, reconstruction, or improvement of constructed irrigation works by advances from the appropriation available to the Director of Public Works under the irrigation law when the irrigation insurance fund has been exhausted, the advances to be repaid from collections made for the irrigation insurance fund.

Act 178, approved November 13, 1936, and effective after January 1, 1937, by proclamation to be issued by the President of the Philippines, amends sections 7, 15, 23, and 29 of Act No. 4054, the Philippine Rice Share Tenancy Act; modifies conclusive character of contracts of tenancy in cases of fraud or error; prescribes use of official weights in addition to official measures; limits requirement of reasonable care by tenants of animals delivered by landlords to such as are necessary for their work; makes the Act effective wherever so proclaimed by the President of the Philippines, instead of limiting effectivity to provinces in which a majority of municipal councils have petitioned for its application.

Act 193, approved and effective November 14, 1936, appropriates ₱100,000 for transportation of homeseekers, their work animals, and agricultural tools.

MINERAL PRODUCTION

73. *Gold.*—Out of the nearly 300 mining companies registered with the Bureau of Commerce, only 17 were producing during October, and of these, 11 have so far declared dividends in 1936. Combined mill capacity is in the neighborhood of 7,000 ore-tons daily, exclusive of placer-dredge capacities. The range of ore values is exceptionally wide, in October from ₱3.52 to ₱49.80 per ton. Production measured in ounces of bullion has increased from approximately 250,000 to

nearly 470,000 in 1935 and nearly 700,000 for the first 9 months of 1936. Value of production on the basis of the present United States dollar and including concentrates was approximately ₱31,350,000 during the first 9 months of 1936 as compared with ₱23,000,000 during the corresponding period in 1935.

74. *Iron ore.*—One company, the Philippine Iron Mines, Inc., has been engaged for 3 years in the extraction of high-grade surface-iron ore at Dahican Bay on the Pacific coast of Luzon near Mambulao. Export and production are practically identical in tonnage. All shipments are from mine bin to Japan in Japanese bottoms. The report on production and export shows: 1935 total, 283,310 tons valued at ₱1,143,929; 1935, January to September, 185,200 tons valued at ₱745,127; and 1936, January to September, 451,387 tons valued at ₱1,986,865.

75. *Chromite.*—The first significant production and export of chromite occurred during 1936. There are several companies organized, but the Florannie Mining Co. accounted for practically all shipments. To the end of September the total exports were 3,191 tons valued at ₱117,940.

76. *Other ores.*—There has been a limited production in copper from the northern part of Panay Island, but reports are not available. Prospectors are interested in manganese, many claims have been staked, and several companies are reported to be in process of organization.

77. *Legislation.*—

Act 136, approved and effective November 7, 1936, abolishes the present Division of Mines in the Bureau of Science and creates a bureau of mines under the Department of Agriculture and Commerce.

Act 137, approved and effective November 7, 1936, repeals Act 4243 and radically amends the entire body of mining law beginning with sections 20 to 62 of the Acts of Congress of July 1, 1902, which established the basic mining law of the Philippines; declares, "All mineral lands of the public domain and minerals belong to the State"; provides new limitations as to ownership and area; reclassifies mineral lands; provides for leaseholds, rentals, and royalties; and in section 68 reads:

> Application for a lease on a mining claim shall be filed within 2 years from the date of the recording of the claim in the office of the mining recorder or within 2 years from the date of the approval of this Act. Failure to file such application within the period above mentioned shall be deemed an abandonment of the mining claim and the land embraced within such claim shall thereupon be open to relocation in the same manner as if no location of the same had ever been made: *Provided*, That the original locator, his heirs, or his assigns, who has or have thus failed to file a lease application on the claim shall not be entitled to relocate, directly or indirectly, the land embraced within such claim, or any part thereof.

The literal interpretation of section 68 appears to be that all holders of claims, at the date of transition from the private to State theory (the date of the act) must surrender rights of ownership and apply for leases. It has been pointed out that holders of patented claims are not involved because vested rights are amply protected in section 1, Article XII, of the Commonwealth Constitution. It does not appear clear that unpatented claims and those in process of patent at date of inauguration of the Commonwealth are suffi-

ciently protected. This and many other points in the act will in all probability be brought before the courts for decision.

The act in section 3 limits leases to citizens of the Philippines, but section 110 adds a transitory provision that during the Commonwealth period citizens of the United States shall enjoy the same rights as citizens of the Philippines.

FOREST PRODUCTION

78. *Lumber and timber production in 1936.*—Lumber and timber production in 1936 was unusually high. January opened at 50 percent over December 1935, and activity continued throughout the year, reaching an increase in August and September well over 60 percent better than in the previous year. In October mills were working double shift to fill heavy orders from the United States, Great Britain, Japan (mostly squared logs), and Australia. Domestic orders were also heavy.

79. *Forest products.*—Development of the Bureau of Forestry's cinchona plantation in Bukidnon received better Government support. The first quinine production in the Philippines occurred in October with the opening of a totaquina plant in the Bureau of Science. No report has been received on other minor forest products, but it is known that the collection of rattan increased greatly. The production of cutch continued at the full capacity of the one factory at Zamboanga.

80. *Legislation affecting forest production.*—

Act 100, approved and effective October 28, 1936, amends section 1838 of the Administrative Code as amended by Act 3820; increases area of leases or permits for use of forest lands and vacant public lands for fishponds, nipa and mangrove plantations, pastures and rights-of-way from 200 to 2,000 hectares; prescribes collection of double the regular rental rates for occupation of forest lands and vacant public lands not declared agricultural lands without permits.

Act 119, approved and effective November 3, 1936, appropriates ₱250,000 for the reforestation and afforestation of public forest lands, including cinchona plantations.

IX. Conclusion

In conclusion, I wish to make grateful acknowledgment of the cooperation and loyalty of the personnel of the High Commissioner's Office.

I take pride in our cordial associations with the Commonwealth Government. As I said in my two annual reports as Governor-General, there is a prevailing good will in the Philippines toward the United States and the American people that is unique, I think, between countries having the relationship of a sovereignty and a Commonwealth. Our greatest asset here, goodwill and friendly spirit, should again be noted for the record.

Respectfully submitted.

Frank Murphy,
United States High Commissioner to the Philippine Islands.

The President and Congress of the United States
(Through the Bureau of Insular Affairs, War Department),
Washington, D. C.

APPENDIX "A"

U. S. HIGH COMMISSIONER'S REPORT, NOVEMBER 15, 1935, TO DECEMBER 31, 1936 (SEE PAGE 4)

[H. Doc. No. 400, 74th Cong., 2d sess.]

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A COMPILATION OF DOCUMENTS RELATING TO THE INAUGURATION OF THE GOVERNMENT OF THE COMMONWEALTH OF THE PHILIPPINES

JANUARY 27, 1936.—Referred to the Committee on Insular Affairs and ordered to be printed

LETTER OF TRANSMITTAL

THE WHITE HOUSE, *January 27, 1936.*

To the Congress of the United States:

I transmit herewith, for the information of the Congress, a compilation of documents relating to the inauguration of the government of the Commonwealth of the Philippines, as provided in the Philippine Independence Act (Public, No. 127, 73d Cong.), approved March 24, 1934.

Inasmuch as it is believed that this compilation would be of great historical value and of general interest as a source of information, I concur in the recommendation of the Secretary of War that it be printed as a Congressional document.

FRANKLIN D. ROOSEVELT.

LETTER OF SUBMITTAL

War Department,
Washington, January 25, 1936.

The President,
The White House.

Dear Mr. President: I am enclosing herewith a compilation of documents relating to the inauguration of the government of the Commonwealth of the Philippine Islands as provided in the Philippine Independence Act (Public, No. 127, 73d Cong.), approved March 24, 1934.

It is believed it would be in the interest of the public if these papers could be published in a single Congressional document. Such a publication would meet an extensive demand for information regarding this historical event, and would be of great historical value.

It is accordingly recommended that they be transmitted to Congress with the recommendation that they be published as a Congressional document.

Respectfully yours,

Geo. H. Dern,
Secretary of War.

Enclosure:
Compilation, as stated.

2519—37——5

COMPILATION OF DOCUMENTS RELATING TO THE INAUGURATION OF THE GOVERNMENT OF THE COMMONWEALTH OF THE PHILIPPINE ISLANDS AS PROVIDED IN THE PHILIPPINE INDEPENDENCE ACT[1] (PUBLIC, NO. 127, 73D. CONG.), APPROVED MARCH 24, 1934.

NINTH PHILIPPINE LEGISLATURE
Third Special Session

CONCURRENT RESOLUTION ACCEPTING PUBLIC ACT NUMBERED ONE HUNDRED TWENTY-SEVEN OF THE CONGRESS OF THE UNITED STATES, COMMONLY KNOWN AS THE TYDINGS-MCDUFFIE ACT, AND EXPRESSING THE GRATITUDE OF THE PHILIPPINE LEGISLATURE AND THE FILIPINO PEOPLE TO THE PRESIDENT AND CONGRESS OF THE UNITED STATES AND THE AMERICAN PEOPLE.

Whereas, the Seventy-third Congress of the United States of America has enacted Public Act Numbered One hundred twenty-seven, entitled "An Act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," and commonly known as the Tydings-McDuffie Law;

WHEREAS, section seventeen of the aforesaid Act requires the acceptance thereof by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that law before the same shall take effect;

WHEREAS, although the Philippine Legislature believes that certain provisions of said Act need further consideration, the said Legislature deems it its duty to accept the proffer of independence thus made by the Government of the United States;

(*a*) Because the Filipino people cannot, consistent with their national dignity and love of freedom, decline to accept the independence that the said Act grants;

(*b*) And because the President of the United States in his message to Congress on March two, nineteen hundred and thirty-four, recommending the enactment of said law, stated: "I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples";—a statement which gives to the Filipino people reasonable assurances of further hearing and due consideration of their views; now, therefore, be it

Resolved by the Senate, the House of Representatives of the Philippines concurring, That Public Act Numbered One hundred twenty-seven of the Seventy-third Congress of the United States,

---

[1] The Tydings-McDuffie Act, or so-called Philippine Independence Act (Public, No. 127, 73d Cong.), was approved Mar. 24, 1934.

entitled "An Act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," commonly known as the Tydings-McDuffie Law, be, and is hereby accepted by the Philippine Legislature in accordance with the provisions of section seventeen thereof;

Resolved, further, That the Philippine Legislature, in its own behalf and in behalf of the Filipino people, express, and does hereby express, its appreciation and everlasting gratitude to the President and the Congress of the United States and the American people.

Adopted in joint session, May 1, 1934.

(Signed) MANUEL L. QUEZON,
President of the Senate.
QUINTIN PAREDES,
Speaker of the House of Representatives.

We hereby certify that the foregoing Concurrent Resolution was adopted by the Senate and House of Representatives of the Philippines in joint session on May 1, 1934.

(Signed) FERMÍN S. TORRALBA,
Secretary of the Senate.
JULIAN La O,
Acting Secretary of the House of Representatives.

(Official Seal: Philippine Senate and House of Representatives.)

NINTH PHILIPPINE LEGISLATURE
Third Special Session

H. No. 3638

[No. 4125]

AN ACT TO PROVIDE FOR THE ELECTION AND HOLDING OF THE CONSTITUTIONAL CONVENTION AUTHORIZED BY THE ACT OF THE CONGRESS OF THE UNITED STATES OF MARCH TWENTY-FOURTH, NINETEEN HUNDRED AND THIRTY-FOUR, APPROPRIATE FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

ELECTION OF DELEGATES FOR THE CONSTITUTIONAL CONVENTION

SECTION 1. The Constitutional Convention authorized by Public Act Numbered One hundred and twenty-seven of the Seventy-third Congress of the United States, approved March twenty-fourth, nineteen hundred and thirty-four, entitled "An Act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and form of government for the Philippine Islands, and for other purposes," shall be composed of two hundred and two elective delegates distributed at the ratio of two

delegates for each representative district, except in the special provinces of Mindanao and Sulu which shall each have two delegates, and except in the Mountain Province which shall have two delegates for each subprovince thereof and two delegates for the City of Baguio.

SEC. 2. The office of delegate shall be honorary and shall be compatible with any other public office not subject to the civil service rules.

SEC. 3. No person shall be eligible for delegate who has not the qualifications required by existing law for eligibility for representative.

SEC. 4. The election of delegates shall be held on June twenty-sixth, nineteen hundred and thirty-four,* in accordance with the provisions of the Election Law governing special elections for representative, except as herein otherwise provided. For good reasons, the Governor-General may postpone the election to a date not later than July sixteenth, nineteen hundred and thirty-four, in which case the Constitutional Convention shall be held on the thirtieth of the same month and year, at eleven o'clock in the morning.

SEC. 5. The delegates shall be elected as follows:

(*a*) The delegates of the elective representative districts and those of Nueva Vizcaya, Baguio, Agusan, Davao, and Zamboanga shall be elected by a plurality of the votes of the qualified electors registered in the list of voters of the general election of nineteen hundred and thirty-four in the respective districts or provinces, as the case may be. The voters of Tagudin, Cervantes, Angaki, San Emilio, Concepcion, Sigay, Suyo, Alilem, and Sugpon, of the Province of Ilocos Sur, shall vote at the election of delegates of the second district of said province, and the voters of Pugo, Burgos, San Gabriel, Santol, and Sodipen, of the Province of La Union, shall vote at the election of delegates of the first district of the latter province. No new voters shall be admitted at this election; and

(*b*) The delegates of the Mountain Province, Bukidnon, Cotabato, Lanao, and Sulu shall be elected by secret ballot and by a plurality of the votes of the members present at a meeting to be held in their respective localities at nine o'clock in the morning of the day of the election of delegates, by the presidents, vice-presidents, and councilors of the municipalities and municipal districts, and the respective municipal secretary shall certify to the result of the balloting and the provincial board shall act as provincial board of canvassers.

SEC. 6. The certificates of candidacy of the candidates for delegate shall be filed at least ten days before the election by the candidates themselves or by ten or more electors of the district or province in which they are to be elected, and need not contain any statement regarding their political affiliation.

SEC. 7. The election inspectors and poll clerks shall be paid a per diem of three pesos for each day of service in carrying out the election herein provided for.

SEC. 8. The Secretary of the Interior shall prescribe the forms for the official ballots which shall be numbered but shall not have any coupons nor any printing on the back; the types of ballot boxes which shall not require more than two padlocks each the keys where-

* Postponed to July 10 by Governor General's Proclamation No. 704.

of shall during the election be in the keeping of inspectors of opposing parties and shall after the election be surrendered to the clerk of the Court of First Instance and the provincial commander of the Constabulary; the forms for the statements of the results of the election, and the forms for the telegraphic transmission of the results. The statements and official telegrams relative to the results of the election shall be received and transmitted by the Bureau of Posts without delay and free of charge, and shall be given the preference over other matter.

MEETING OF THE CONSTITUTIONAL CONVENTION

SEC. 9. The Constitutional Convention shall meet in the Session Hall of the House of Representatives on July fourth, nineteen hundred and thirty-four, at eleven o'clock in the morning. A majority of its members shall constitute a quorum to do business, but a smaller number may meet, adjourn from day to day, and compel the attendance of absent members. The Convention shall be the sole judge of the elections, returns, and qualifications of its members; it may organize and adopt such rules as it may see fit, punish its members for disorderly behavior, and, with the concurrence of two-thirds, expel them.

SEC. 10. The laws relative to the parliamentary immunity of the members of the Legislature and the protection of the sessions of the same and its committees against disturbance and molestation, and the penalties provided for the violation of said laws shall be applicable to the members of the Constitutional Convention and to the sessions of the same and of its committees.

SEC. 11. The Secretaries of the Houses of the Legislature shall place at the disposal of the Constitutional Convention such personnel, premises and furniture thereof as can, in their judgment, be spared without detriment to the public service, without cost, refund or additional pay.

APPROPRIATION OF FUNDS

SEC. 12. The sum of five hundred thousand pesos, or so much thereof as may be necessary, is hereby appropriated out of any general funds not otherwise appropriated, (*a*) for the payment of the expenses of the election, subject to the approval of the Secretary of the Interior; (*b*) for the expenses of fitting the session hall of the House of Representatives and the necessary rooms for the use of the Constitutional Convention; and (*c*) for the payment of per diems to the members of the Convention not receiving government salary in any other capacity at the rate of five pesos for each day of session of said Convention actually attended by them; for the expenses of going to and returning from the sessions of the Convention, to the same extent to which such expenses are allowed to members of the House of Representatives, and for other incidental expenses of the Convention, subject to the approval of the chairman or acting chairman of the Convention.

DATE OF TAKING EFFECT

SEC. 13. This Act shall take effect on its approval.

Approved, May 26, 1934.

The election of delegates to the Constitutional Convention was held on July 10, 1934; the Convention convened in Manila on July 30, 1934, and completed the task of drafting a Constitution on February 8, 1935. A committee of members of the Constitutional Convention came to the United States to present the Constitution to the President, and on March 23, 1935, it was certified by the President as conforming substantially with the provisions of the Independence Act.

Constitution of the Philippines Adopted by the Philippine Constitutional Convention at the City of Manila, Philippine Islands, on the Eighth Day of February, Nineteen Hundred and Thirty-Five

CONSTITUTIONAL CONVENTION, MANILA

Hon. Claro M. Recto, President.
Hon. Ruperto Montinola, First Vice-President.
Hon. Teodoro Sandiko, Second Vice-President.
N. Pimentel, Secretary.

Constitution of the Philippines

The Filipino people, imploring the aid of Divine Providence, in order to establish a government that shall embody their ideals, conserve and develop the patrimony of the nation, promote the general welfare, and secure to themselves and their posterity the blessings of independence under a régime of justice, liberty, and democracy, do ordain and promulgate this Constitution.

ARTICLE I. THE NATIONAL TERRITORY

Section 1. The Philippines comprises all the territory ceded to the United States by the treaty of Paris concluded between the United States and Spain on the tenth day of December, eighteen hundred and ninety-eight, the limits of which are set forth in Article III of said treaty, together with all the islands embraced in the treaty concluded at Washington, between the United States and Spain on the seventh day of November, nineteen hundred, and in the treaty concluded between the United States and Great Britain on the second day of January, nineteen hundred and thirty, and all territory over which the present Government of the Philippine Islands exercises jurisdiction.

ARTICLE II. DECLARATION OF PRINCIPLES

Section 1. The Philippines is a republican state. Sovereignty resides in the people and all government authority emanates from them.

Sec. 2. The defense of the State is a prime duty of government, and in the fulfillment of this duty all citizens may be required by law to render personal military or civil service.

Sec. 3. The Philippines renounces war as an instrument of national policy, and adopts the generally accepted principles of international law as a part of the law of the Nation.

SEC. 4. The natural right and duty of parents in the rearing of the youth for civic efficiency should receive the aid and support of the Government.

SEC. 5. The promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State.

ARTICLE III. BILL OF RIGHTS

SECTION 1. (1) No person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws.

(2) Private property shall not be taken for public use without just compensation.

(3) The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrants shall issue but upon probable cause, to be determined by the judge after examination under oath or affirmation of the complainant and the witnesses he may produce, and particularly describing the place to be searched, and the persons or things to be seized.

(4) The liberty of abode and of changing the same within the limits prescribed by law shall not be impaired.

(5) The privacy of communication and correspondence shall be inviolable except upon lawful order of the court or when public safety and order require otherwise.

(6) The right to form associations or societies for purposes not contrary to law shall not be abridged.

(7) No law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof, and the free exercise and enjoyment of religious profession and worship, without discrimination or preference, shall forever be allowed. No religious test shall be required for the exercise of civil or political rights.

(8) No law shall be passed abridging the freedom of speech, or of the press, or the right of the people peaceably to assemble and petition the Government for redress of grievances.

(9) No law granting a title of nobility shall be enacted, and no person holding any office of profit or trust shall, without the consent of the National Assembly, accept any present, emolument, office, or title of any kind whatever from any foreign state.

(10) No law impairing the obligation of contracts shall be passed.

(11) No *ex post facto* law or bill of attainder shall be enacted.

(12) No person shall be imprisoned for debt or nonpayment of a poll tax.

(13) No involuntary servitude in any form shall exist except as a punishment for crime whereof the party shall have been duly convicted.

(14) The privilege of the writ of *habeas corpus* shall not be suspended except in cases of invasion, insurrection, or rebellion, when the public safety requires it, in any of which events the same may be suspended wherever during such period the necessity for such suspension shall exist.

(15) No person shall be held to answer for a criminal offense without due process of law.

(16) All persons shall before conviction be bailable by sufficient sureties, except those charged with capital offenses when evidence of guilt is strong. Excessive bail shall not be required.

(17) In all criminal prosecutions the accused shall be presumed to be innocent until the contrary is proved, and shall enjoy the right to be heard by himself and counsel, to be informed of the nature and cause of the accusation against him, to have a speedy and public trial, to meet the witnesses face to face, and to have compulsory process to secure the attendance of witnesses in his behalf.

(18) No person shall be compelled to be a witness against himself.

(19) Excessive fines shall not be imposed, nor cruel and unusual punishment inflicted.

(20) No person shall be twice put in jeopardy of punishment for the same offense. If an act is punished by a law and an ordinance, conviction or acquittal under either shall constitute a bar to another prosecution for the same act.

(21) Free access to the courts shall not be denied to any person by reason of poverty.

ARTICLE IV. CITIZENSHIP

SECTION 1. The following are citizens of the Philippines:

(1) Those who are citizens of the Philippine Islands at the time of the adoption of this Constitution.

(2) Those born in the Philippine Islands of foreign parents who, before the adoption of this Constitution, had been elected to public office in the Philippine Islands.

(3) Those whose fathers are citizens of the Philippines.

(4) Those whose mothers are citizens of the Philippines and, upon reaching the age of majority, elect Philippine citizenship.

(5) Those who are naturalized in accordance with law.

SEC. 2. Philippine citizenship may be lost or reacquired in the manner provided by law.

ARTICLE V. SUFFRAGE

SECTION 1. Suffrage may be exercised by male citizens of the Philippines not otherwise disqualified by law, who are twenty-one years of age or over and are able to read and write, and who shall have resided in the Philippines for one year and in the municipality wherein they propose to vote for at least six months preceding the election. The National Assembly shall extend the right of suffrage to women, if in a plebiscite which shall be held for that purpose within two years after the adoption of this Constitution, not less than three hundred thousand women possessing the necessary qualifications shall vote affirmatively on the question.

ARTICLE VI. LEGISLATIVE DEPARTMENT

SECTION 1. The Legislative power shall be vested in a National Assembly. The Members of the National Assembly shall not exceed

one hundred and twenty, shall be chosen every three years, and shall be apportioned among the several provinces as nearly as may be according to the number of their respective inhabitants, but each province shall have at least one Member. The National Assembly shall by law make an apportionment within three years after the return of every enumeration, and not otherwise. Until such apportionment shall have been made, the National Assembly shall consist of ninety-eight Members, of whom eighty-seven shall be elected by the representative districts as now provided by law; and three by the Mountain Province, and one by each of the other eight existing special provinces. The Members of the National Assembly in the provinces of Sulu, Lanao, and Cotabato shall be chosen as may be determined by law; in all other provinces they shall be elected by the qualified voters therein.

SEC. 2. No person shall be a Member of the National Assembly unless he has been five years a citizen of the Philippines, is at least thirty years of age, and, at the time of his election, a qualified elector, and a resident of the province in which he is chosen for not less than one year immediately prior to his election.

SEC. 3. (1) In case of vacancy in the National Assembly a special election may be called in the corresponding district, in the manner prescribed by law, but the Member thus elected shall serve only for the unexpired term.

(2) Elections for the National Assembly shall be held on the dates fixed by law.

(3) The National Assembly shall convene in regular session once every year, on the second Monday of the month immediately following that on which the election of its Members was held, unless a different date is fixed by law. The National Assembly may be called in special session at any time by the President to consider general legislation or only such subjects as he may designate. No special session shall continue longer than thirty days and no regular session longer than one hundred days, exclusive of Sundays.

(4) The National Assembly shall choose its Speaker, a secretary, a sergeant-at-arms, and such other officers as may be required. A majority of all the Members shall constitute a quorum to do business, but a smaller number may adjourn from day to day, and may compel the attendance of absent Members, in such manner and under such penalties as the National Assembly may provide.

(5) The National Assembly may determine the rules of its proceedings, punish its Members for disorderly behavior, and, with the concurrence of two-thirds, expel a Member. It shall keep a Journal of its proceedings, and from time to time publish the same, excepting such parts as may in its judgment require secrecy; and the *yeas* and *nays* on any question shall, at the request of one-fifth of its Members present, be entered in the Journal.

SEC. 4. There shall be an Electoral Commission composed of three Justices of the Supreme Court designated by the Chief Justice, and of six Members chosen by the National Assembly, three of whom shall be nominated by the party having the largest number of votes, and three by the party having the second largest number of votes therein. The senior Justice in the Commission

shall be its Chairman. The Electoral Commission shall be the sole judge of all contests relating to the election, returns, and qualifications of the Members of the National Assembly.

SEC. 5. The Members of the National Assembly shall, unless otherwise provided by law, receive an annual compensation of five thousand pesos each including per diems and other emoluments or allowances and exclusive only of travelling expenses to and from their respective districts when attending sessions of the National Assembly. No increase in said compensation shall take effect until after the expiration of the full term of the Members of the National Assembly elected subsequent to the approval of such increase. The Speaker of the National Assembly shall receive an annual compensation of sixteen thousand pesos until otherwise provided by law.

SEC. 6. The Members of the National Assembly shall in all cases except treason, felony, and breach of the peace, be privileged from arrest during their attendance at the sessions of the National Assembly, and in going to and returning from the same; and for any speech or debate therein, they shall not be questioned in any other place.

SEC. 7. The National Assembly shall elect from among its Members, on the basis of proportional representation of the political parties therein, a Commission on Appointments and a Commission on Impeachment, each to consist of twenty-one members. These Commissions shall be constituted within thirty days after the National Assembly shall have been organized with the election of its Speaker, and shall meet only while the National Assembly is in session, at the call of their respective Chairmen or a majority of their members, to discharge such powers and functions as are herein conferred upon them.

SEC. 8. (1) No Member of the National Assembly may hold any other office or employment in the Government without forfeiting his seat, nor shall any such Member during the time for which he was elected, be appointed to any civil office which may have been created or the emoluments whereof shall have been increased while he was a Member of the National Assembly.

(2) No Member of the National Assembly shall directly or indirectly be financially interested in any contract with the Government or any subdivision or instrumentality thereof, or in any franchise or special privilege granted by the National Assembly during his term of office; nor shall any such Member appear as counsel before the Electoral Commission or any court in any civil case wherein the Government or any subdivision or instrumentality thereof is the adverse party, or collect any fee for his appearance in any administrative proceedings or in any criminal case wherein an officer or employee of the Government is accused of an offense committed in relation to his office. No Member of the Commission on Appointments of the National Assembly shall appear as counsel before any court inferior to the Supreme Court.

SEC. 9. (1) The President shall submit within fifteen days of the opening of each regular session of the National Assembly a budget of receipts and expenditures, which shall be the basis of the general appropriation bill. The National Assembly may not increase the

appropriations recommended by the President for the operation of the Government as specified in the Budget, except the appropriations for the National Assembly and the Judicial Department. The form of the Budget and the information that it should contain shall be prescribed by law.

(2) No provision or enactment shall be embraced in the general appropriation, unless it relates specifically to some particular appropriation in the bill; and any such provision or enactment shall be limited in its operation to such appropriation.

SEC. 10. The heads of departments upon their own initiative or upon the request of the National Assembly may appear before and be heard by the National Assembly on any matter pertaining to their departments, unless the public interest shall require otherwise and the President shall so state in writing.

SEC. 11. (1) Every bill which shall have passed the National Assembly shall, before it becomes a law, be presented to the President. If he approve the same, he shall sign it; but if not, he shall return it with his objections to the National Assembly, which shall enter the objections at large on its Journal and proceed to reconsider it. If, after such reconsideration, two-thirds of all the Members of the National Assembly shall agree to pass the bill, it shall become a law. In all such cases the votes of the National Assembly shall be determined by *yeas* and *nays*, and the names of the Members voting for and against shall be entered on the Journal. If any bill shall not be returned by the President as herein provided within twenty days (Sundays excepted) after it shall have been presented to him, the same shall become a law in like manner as if he had signed it, unless the National Assembly by adjournment prevent its return, in which case it shall become a law unless vetoed by the President within thirty days after adjournment.

(2) The President shall have the power to veto any particular item or items of an appropriation bill, but the veto shall not affect the item or items to which he does not object. When a provision of an appropriation bill affects one or more items of the same, the President cannot veto the provision without at the same time vetoing the particular item or items to which it relates. The item or items objected to shall not take effect except in the manner heretofore provided as to bills returned to the National Assembly without the approval of the President. If the veto refers to a bill or any item of an appropriation bill which appropriates a sum in excess of ten *per centum* of the total amount voted in the appropriation bill for the general expenses of the Government for the preceding year, or if it should refer to a bill authorizing an increase of the public debt, the same shall not become a law unless approved by three-fourths of all the Members of the National Assembly.

(3) The President shall have the power to veto any separate item or items in a revenue or tariff bill, and the item or items vetoed shall not take effect except in the manner provided as to bills vetoed by the President.

SEC. 12. (1) No bill which may be enacted into law shall embrace more than one subject which shall be expressed in the title of the bill.

(2) No bill shall be passed or become a law unless it shall have been printed and copies thereof in its final form furnished the Members at least three calendar days prior to its passage by the National Assembly, except when the President shall have certified to the necessity of its immediate enactment. Upon the last reading of a bill no amendment thereof shall be allowed, and the question upon its final passage shall be taken immediately thereafter, and the *yeas* and *nays* entered on the Journal.

SEC. 13. (1) All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government.

(2) No money shall be paid out of the Treasury except in pursuance of an appropriation made by law.

(3) No public money or property shall ever be appropriated, applied, or used, directly or indirectly, for the use, benefit, or support of any sect, church, denomination, sectarian institution, or system of religion, or for the use, benefit, or support of any priest, preacher, minister, or other religious teacher or dignitary as such, except when such priest, preacher, minister, or dignitary is assigned to the armed forces or to any penal institution, orphanage, or leprosarium.

SEC. 14. (1) The rule of taxation shall be uniform.

(2) The National Assembly may by law authorize the President, subject to such limitations and restrictions as it may impose, to fix within specified limits, tariff rates, import or export quotas, and tonnage and wharfage dues.

(3) Cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

SEC. 15. The National Assembly shall, with the concurrence of two-thirds of all its Members, have the sole power to declare war.

SEC. 16. In times of war or other national emergency, the National Assembly may by law authorize the President, for a limited period and subject to such restrictions as it may prescribe, to promulgate rules and regulations to carry out a declared national policy.

ARTICLE VII. EXECUTIVE DEPARTMENT

SECTION 1. The Executive power shall be vested in a President of the Philippines.

SEC. 2. The President shall hold his office during a term of six years, and together with the Vice-President chosen for the same term, shall be elected by direct vote of the people. The election returns for President and Vice-President, duly certified by the board of canvassers of each province, shall be transmitted to the National Assembly. Upon receipt of such returns the National Assembly shall forthwith, in public session, count the votes, and proclaim the persons elected President and Vice-President. The persons respectively having the highest number of votes for President and Vice-President shall be declared elected, but in case two or more shall have an equal and the highest number of votes for either office, the Na-

tional Assembly shall, by a majority vote of all its Members, elect one of said persons as President or Vice-President.

SEC. 3. No person may be elected to the office of President or Vice-President, unless he be a natural-born citizen of the Philippines, a qualified voter, forty years of age or over, and has been a resident of the Philippines for at least ten years immediately preceding the election.

SEC. 4. No person elected President may be reëlected for the following term, nor shall the Vice-President or any other person who may have succeeded to the office of President as herein provided at least one year before the election, be eligible to the office of President at such election.

SEC. 5. Elections for President and Vice-President shall be held once every six years on a date to be fixed by the National Assembly.

SEC. 6. The terms of the President and Vice-President shall end at noon on the thirtieth day of December following the expiration of six years after their election, and the terms of their successors shall begin from such time.

SEC. 7. If, at the time fixed for the beginning of the term of the President, the President-elect shall have died, the Vice-President-elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President-elect shall have failed to qualify, then the Vice-President shall act as President until a President shall have qualified, and the National Assembly may by law provide for the case wherein neither a President-elect nor a Vice-President-elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice-President shall have qualified.

SEC. 8. Before he enter on the execution of his office, the President shall take the following oath or affirmation:

"I do solemnly swear (or affirm) that I will faithfully and conscientiously fulfill my duties as President of the Philippines, preserve and defend its Constitution, execute its laws, do justice to every man, and consecrate myself to the service of the Nation. So help me God." (In case of affirmation, last sentence will be omitted.)

SEC. 9. In the event of the removal of the President from office or of his death, resignation, or inability to discharge the powers and duties of the said office, the same shall devolve on the Vice-President, and the National Assembly shall by law provide for the case of removal, death, resignation, or inability, both of the President and Vice-President, declaring what officer shall then act as President, and such officer shall act accordingly, until the disability be removed, or a President shall be elected.

SEC. 10. The President shall have an official residence and receive a compensation to be ascertained by law which shall be neither increased nor diminished during the period for which he shall have been elected, and he shall not receive within that period any other emolument from the Government or any of its subdivisions or instrumentalities. Until the National Assembly shall provide otherwise, the President shall receive an annual salary of thirty thousand pesos. The Vice-President, when not acting as President, shall receive an annual compensation of fifteen thousand pesos until otherwise provided by law.

SEC. 11. (1) The President shall have control of all the executive departments, bureaus, or offices, exercise general supervision over all local governments as may be provided by law, and take care that the laws be faithfully executed.

(2) The President shall be commander-in-chief of all armed forces of the Philippines and, whenever it becomes necessary, he may call out such armed forces to prevent or suppress lawless violence, invasion, insurrection, or rebellion. In case of invasion, insurrection, or rebellion, or imminent danger thereof, when the public safety requires it, he may suspend the privileges of the writ of *habeas corpus*, or place the Philippines or any part thereof under martial law.

(3) The President shall nominate and with the consent of the Commission on Appointments of the National Assembly, shall appoint the heads of the executive departments and bureaus, officers of the Army from the rank of colonel, of the Navy and air forces from the rank of captain or commander, and all other officers of the Government whose appointments are not herein otherwise provided for, and those whom he may be authorized by law to appoint; but the National Assembly may by law vest the appointment of inferior officers, in the President alone, in the courts, or in the heads of departments.

(4) The President shall have the power to make appointments during the recess of the National Assembly, but such appointments shall be effective only until disapproval by the Commission on Appointments or until the next adjournment of the National Assembly.

(5) The President shall from time to time give to the National Assembly information of the state of the Nation, and recommend to its consideration such measures as he shall judge necessary and expedient.

(6) The President shall have the power to grant reprieves, commutations, and pardons, and remit fines and forfeitures, after conviction, for all offenses, except in cases of impeachment, upon such conditions and with such restrictions and limitations as he may deem proper to impose. He shall have the power to grant amnesty with the concurrence of the National Assembly.

(7) The President shall have the power, with the concurrence of a majority of all the Members of the National Assembly, to make treaties, and with the consent of the Commission on Appointments, he shall appoint ambassadors, other public ministers, and consuls. He shall receive ambassadors and other ministers duly accredited to the Government of the Philippines.

SEC. 12. (1) The executive departments of the present Government of the Philippine Islands shall continue as now authorized by law until the National Assembly shall provide otherwise.

(2) The heads of departments and chiefs of bureaus or offices and their assistants shall not, during their continuance in office, engage in the practice of any profession, or intervene, directly or indirectly, in the management or control of any private enterprise which in any way may be affected by the functions of their office; nor shall they, directly or indirectly, be financially interested in any contract with the Government, or any subdivision or instrumentality thereof.

(3) The President may appoint the Vice-President as a member of his cabinet and also as head of an executive department.

ARTICLE VIII. JUDICIAL DEPARTMENT

SECTION 1. The Judicial power shall be vested in one Supreme Court and in such inferior courts as may be established by law.

SEC. 2. The National Assembly shall have the power to define, prescribe, and apportion the jurisdiction of the various courts, but may not deprive the Supreme Court of its original jurisdiction over cases affecting ambassadors, other public ministers, and consuls, nor of its jurisdiction to review, revise, reverse, modify, or affirm on appeal, certiorari, or writ of error, as the law or the rules of court may provide, final judgments and decrees of inferior courts in—

(1) All cases in which the constitutionality or validity of any treaty, law, ordnance, or executive order or regulation is in question.

(2) All cases involving the legality of any tax, impost, assessment, or toll, or any penalty imposed in relation thereto.

(3) All cases in which the jurisdiction of any trial court is in issue.

(4) All criminal cases in which the penalty imposed is death or life imprisonment.

(5) All cases in which an error or question of law is involved.

SEC. 3. Until the National Assembly shall provide otherwise, the Supreme Court shall have such original and appellate jurisdiction as may be possessed and exercised by the Supreme Court of the Philippine Islands at the time of the adoption of this Constitution. The original jurisdiction of the Supreme Court shall include all cases affecting ambassadors, other public ministers, and consuls.

SEC. 4. The Supreme Court shall be composed of a Chief Justice and ten Associate Justices and may sit either *en banc* or in two divisions unless otherwise provided by law.

SEC. 5. The members of the Supreme Court and all judges of inferior courts shall be appointed by the President with the consent of the Commission on Appointments of the National Assembly.

SEC. 6. No person may be appointed member of the Supreme Court unless he has been five years a citizen of the Philippines, is at least forty years of age, and has for ten years or more been a judge of a court of record or engaged in the practice of law in the Philippines.

SEC. 7. No judge appointed for a particular district shall be designated or transferred to another district without the approval of the Supreme Court. The National Assembly shall by law determine the residence of judges of inferior courts.

SEC. 8. The National Assembly shall prescribe the qualifications of judges of inferior courts, but no person may be appointed judge of any such courts unless he is a citizen of the Philippines and has been admitted to the practice of law in the Philippines.

SEC. 9. The members of the Supreme Court and all judges of inferior courts shall hold office during good behavior, until they reach the age of seventy years, or become incapacitated to discharge the duties of their office. They shall receive such compensation as may be fixed by law, which shall not be diminished during their continuance in office. Until the National Assembly shall provide other-

wise, the Chief Justice of the Supreme Court shall receive an annual compensation of sixteen thousand pesos, and each Associate Justice, fifteen thousand pesos.

SEC. 10. All cases involving the constitutionality of a treaty or law shall be heard and decided by the Supreme Court *en banc*, and no treaty or law may be declared unconstitutional without the concurrence of two-thirds of all the members of the Court.

SEC. 11. The conclusions of the Supreme Court in any case submitted to it for decision shall be reached in consultation before the case is assigned to a Justice for the writing of the opinion of the Court. Any Justice dissenting from a decision shall state the reasons for his dissent.

SEC. 12. No decision shall be rendered by any court of record without expressing therein clearly and distinctly the facts and the law on which it is based.

SEC. 13. The Supreme Court shall have the power to promulgate rules concerning pleading, practice, and procedure in all courts, and the admission to the practice of law. Said rules shall be uniform for all courts of the same grade and shall not diminish, increase, or modify substantive rights. The existing laws on pleading, practice, and procedure are hereby repealed as statutes, and are declared Rules of Courts, subject to the power of the Supreme Court to alter and modify the same. The National Assembly shall have the power to repeal, alter, or supplement the rules concerning pleading, practice, and procedure, and the admission to the practice of law in the Philippines.

ARTICLE IX. IMPEACHMENT

SECTION 1. The President, the Vice-President, the Justices of the Supreme Court, and the Auditor General, shall be removed from office on impeachment for, and conviction of, culpable violation of the Constitution, treason, bribery, or other high crimes.

SEC. 2. The Commission on Impeachment of the National Assembly, by a vote of two-thirds of its Members, shall have the sole power of impeachment.

SEC. 3. The National Assembly shall have the sole power to try all impeachments. When sitting for that purpose the Members shall be on oath or affirmation. When the President of the Philippines is on trial, the Chief Justice of the Supreme Court shall preside. No person shall be convicted without the concurrence of three-fourths of all the Members who do not belong to the Commission on Impeachment.

SEC. 4. Judgment in cases of impeachment shall not extend further than to removal from office and disqualification to hold and enjoy any office of honor, trust, or profit under the Government of the Philippines, but the party convicted shall nevertheless be liable and subject to prosecution, trial, and punishment, according to law.

ARTICLE X. GENERAL AUDITING OFFICE

SECTION 1. There shall be a General Auditing Office under the direction and control of an Auditor General, who shall hold office for a term of ten years and may not be reappointed. The Auditor Gen-

eral shall be appointed by the President with the consent of the Commission on Appointments, and shall receive an annual compensation to be fixed by law which shall not be diminished during his continuance in office. Until the National Assembly shall provide otherwise, the Auditor General shall receive an annual compensation of twelve thousand pesos.

SEC. 2. The Auditor General shall examine, audit, and settle all accounts pertaining to the revenues and receipts from whatever source, including trust funds derived from bond issues; and audit, in accordance with law and administrative regulations, all expenditures of funds or property pertaining to or held in trust by the Government or the provinces or municipalities thereof. He shall keep the general accounts of the Government and preserve the vouchers pertaining thereto. It shall be the duty of the Auditor General to bring to the attention of the proper administrative officer expenditures of funds or property which, in his opinion, are irregular, unnecessary, excessive, or extravagant. He shall also perform such other functions as may be prescribed by law.

SEC. 3. The decisions of the Auditor General shall be rendered within the time fixed by law, and the same may be appealed to the President whose action shall be final. When the aggrieved party is a private person or entity, an appeal from the decision of the Auditor General may be taken directly to a court of record in the manner provided by law.

SEC. 4. The Auditor General shall submit to the President and the National Assembly an annual report covering the financial condition and operations of the Government, and such other reports as may be required.

ARTICLE XI. CIVIL SERVICE

SECTION 1. A Civil Service embracing all branches and subdivisions of the Government shall be provided by law. Appointments in the Civil Service, except as to those which are policy-determining, primarily confidential or highly technical in nature, shall be made only according to merit and fitness, to be determined as far as practicable by competitive examination.

SEC. 2. Officers and employees in the Civil Service, including members of the armed forces, shall not engage directly or indirectly in partisan political activities or take part in any election except to vote.

SEC. 3. No officer or employee of the Government shall receive additional or double compensation unless specifically authorized by law.

SEC. 4. No officer or employee in the Civil Service shall be removed or suspended except for cause as provided by law.

ARTICLE XII. CONSERVATION AND UTILIZATION OF NATURAL RESOURCES

SECTION 1. All agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, and other natural resources of the Philippines belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philip-

pines, or to corporations or associations at least sixty *per centum* of the capital of which is owned by such citizens, subject to any existing right, grant, lease, or concession at the time of the inauguration of the Government established under this Constitution. Natural resources, with the exception of public agricultural land, shall not be alienated, and no license, concession, or lease for the exploitation, development, or utilization of any of the natural resources shall be granted for a period exceeding twenty-five years, renewable for another twenty-five years, except as to water rights for irrigation, water supply, fisheries, or industrial uses other than the development of water power, in which cases beneficial use may be the measure and the limit of the grant.

SEC. 2. No private corporation or association may acquire, lease, or hold public agricultural lands in excess of one thousand and twenty-four hectares, nor may any individual acquire such lands by purchase in excess of one hundred and forty-four hectares, or by lease in excess of one thousand and twenty-four hectares, or by homestead in excess of twenty-four hectares. Lands adapted to grazing, not exceeding two thousand hectares, may be leased to an individual, private corporation, or association.

SEC. 3. The National Assembly may determine by law the size of private agricultural land which individuals, corporations, or associations may acquire and hold, subject to rights existing prior to the enactment of such law.

SEC. 4. The National Assembly may authorize, upon payment of just compensation, the expropriation of lands to be subdivided into small lots and conveyed at cost to individuals.

SEC. 5. Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines.

SEC. 6. The State may, in the interest of national welfare and defense, establish and operate industries and means of transportation and communication, and, upon payment of just compensation, transfer to public ownership utilities and other private enterprises to be operated by the Government.

ARTICLE XIII. GENERAL PROVISIONS

SECTION 1. The flag of the Philippines shall be red, white, and blue, with a sun and three stars, as consecrated and honored by the people and recognized by law.

SEC. 2. All public officers and members of the armed forces shall take an oath to support and defend the Constitution.

SEC. 3. The National Assembly shall take steps toward the development and adoption of a common national language based on one of the existing native languages. Until otherwise provided by law, English and Spanish shall continue as official languages.

SEC. 4. The State shall promote scientific research and invention. Arts and letters shall be under its patronage. The exclusive right to writings and inventions shall be secured to authors and inventors for a limited period.

SEC. 5. All educational institutions shall be under the supervision of and subject to regulation by the State. The Government shall

establish and maintain a complete and adequate system of public education, and shall provide at least free public primary instruction, and citizenship training to adult citizens. All schools shall aim to develop moral character, personal discipline, civic conscience, and vocational efficiency, and to teach the duties of citizenship. Optional religious instruction shall be maintained in the public schools as now authorized by law. Universities established by the State shall enjoy academic freedom. The State shall create scholarships in arts, science, and letters for specially gifted citizens.

SEC. 6. The State shall afford protection to labor, especially to working women and minors, and shall regulate the relations between landowner and tenant, and between labor and capital in industry and in agriculture. The State may provide for compulsory arbitration.

SEC. 7. The National Assembly shall not, except by general law, provide for the formation, organization, or regulation of private corporations, unless such corporations are owned or controlled by the Government or any subdivision or instrumentality thereof.

SEC. 8. No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or other entities organized under the laws of the Philippines, sixty *per centum* of the capital of which is owned by citizens of the Philippines, nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period than fifty years. No franchise or right shall be granted to any individual, firm, or corporation, except under the condition that it shall be subject to amendment, alteration, or repeal by the National Assembly when the public interest so requires.

SEC. 9. The Government shall organize and maintain a national police force to preserve public order and enforce the law.

SEC. 10. This Constitution shall be officially promulgated in English and Spanish, but in case of conflict the English text shall prevail.

ARTICLE XIV. AMENDMENTS

SECTION 1. The National Assembly, by a vote of three-fourths of all its Members, may propose amendments to this Constitution or call a convention for that purpose. Such amendments shall be valid as part of this Constitution when approved by a majority of the votes cast at an election at which the amendments are submitted to the people for their ratification.

ARTICLE XV. TRANSITORY PROVISIONS

SECTION 1. The first election of the officers provided in this Constitution and the inauguration of the Government of the Commonwealth of the Philippines shall take place as provided in Public Act Numbered One hundred and twenty-seven of the Congress of the United States, approved March twenty-four, nineteen hundred and thirty-four.

SEC. 2. All laws of the Philippine Islands shall continue in force until the inauguration of the Commonwealth of the Philippines; thereafter, such laws shall remain operative, unless inconsistent with this Constitution, until amended, altered, modified, or repealed by

the National Assembly, and all references in such laws to the Government or officials of the Philippine Islands shall be construed, in so far as applicable, to refer to the Government and corresponding officials under this Constitution.

SEC. 3. All courts existing at the time of the adoption of this Constitution shall continue and exercise their jurisdiction, until otherwise provided by law in accordance with this Constitution. and all cases, civil and criminal, pending in said courts, shall be heard, tried, and determined under the laws then in force.

SEC. 4. All officers and employees in the existing Government of the Philippine Islands shall continue in office until the National Assembly shall provide otherwise, but all officers whose appointments are by this Constitution vested in the President shall vacate their respective offices upon the appointment and qualification of their successors, if such appointment is made within a period of one year from the date of the inauguration of the Commonwealth of the Philippines.

SEC. 5. The Members of the National Assembly for the Mountain Province shall be elected as may be provided by law. The voters of municipalities and municipal districts formerly belonging to a special province and now forming part of regular provinces shall vote in the election for Members of the National Assembly in such districts as may be provided by law.

SEC. 6. The provisions of this Constitution, except those contained in this article and in Article V, and those which refer to the election and qualifications of officers to be elected under this Constitution, shall not take effect until the inauguration of the Commonwealth of the Philippines.

ARTICLE XVI. SPECIAL PROVISIONS EFFECTIVE UPON THE PROCLAMATION OF THE INDEPENDENCE OF THE PHILIPPINES

SECTION 1. Upon the proclamation of the President of the United States recognizing the independence of the Philippines—

(1) The property rights of the United States and the Philippines shall be promptly adjusted and settled, and all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippines.

(2) The officials elected and serving under this Constitution shall be constitutional officers of the free and independent government of the Philippines and qualified to function in all respects as if elected directly under such Government, and shall serve their full terms of office as prescribed in this Constitution.

(3) The debts and liabilities of the Philippines, its provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippines; and where bonds have been issued under authority of an Act of Congress of the United States by the Philippine Islands, or any province, city, or municipality therein, the Government of the Philippines will make adequate provision for the necessary funds for the payment of inter-

est and principal, and such obligations shall be a first lien on all taxes collected.

(4) The Government of the Philippines will assume all continuing obligations of the United States under the Treaty of Peace with Spain ceding the Philippine Islands to the United States.

(5) The Government of the Philippines will embody the foregoing provisions of this article (except subsection (2)) in a treaty with the United States.

ARTICLE XVII. THE COMMONWEALTH AND THE REPUBLIC

SECTION 1. The government established by this Constitution shall be known as the Commonwealth of the Philippines. Upon the final and complete withdrawal of the sovereignty of the United States and the proclamation of Philippine independence, the Commonwealth of the Philippines shall thenceforth be known as the Republic of the Philippines.

ORDINANCE APPENDED TO THE CONSTITUTION

SECTION 1. Notwithstanding the provisions of the foregoing Constitution, pending the final and complete withdrawal of the sovereignty of the United States over the Philippines—

(1) All citizens of the Philippines shall owe allegiance to the United States.

(2) Every officer of the Government of the Commonwealth of the Philippines shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(3) Absolute toleration of religious sentiment shall be secured and no inhabitant or religious organization shall be molested in person or property on account of religious belief or mode of worship.

(4) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(5) Trade relations between the Philippines and the United States shall be upon the basis prescribed in section six of Public Act Numbered One hundred and twenty-seven of the Congress of the United States approved March twenty-four, nineteen hundred and thirty-four.

(6) The public debt of the Philippines and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States, and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(7) The debts, liabilities, and obligations of the present Government of the Philippine Islands, its provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the Constitution, shall be assumed and paid by the Government of the Commonwealth of the Philippines.

(8) The Government of the Commonwealth of the Philippines shall establish and maintain an adequate system of public schools, primarily conducted in the English language.

(9) Acts affecting currency, coinage, imports, exports, and immigration shall not become law until approved by the President of the United States.

(10) Foreign affairs shall be under the direct supervision and control of the United States.

(11) All acts passed by the National Assembly of the Commonwealth of the Philippines shall be reported to the Congress of the United States.

(12) The Philippines recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President of the United States, to call into the service of such armed forces all military forces organized by the Government of the Commonwealth of the Philippines.

(13) The decisions of the courts of the Philippines shall be subject to review by the Supreme Court of the United States as now provided by law, and such review shall also extend to all cases involving the Constitution of the Philippines.

(14) Appeals from decisions of the Auditor General may be taken to the President of the United States.

(15) The United States may, by Presidential proclamation, exercise the right to intervene for the preservation of the Government of the Commonwealth of the Philippines and for the maintenance of the Government as provided in the Constitution thereof, and for the protection of life, property, and individual liberty and for the discharge of Government obligations under and in accordance with the provisions of the Constitution.

(16) The authority of the United States High Commissioner to the Government of the Commonwealth of the Philippines as provided in Public Act Numbered One hundred and twenty-seven of the Congress of the United States approved March twenty-four, nineteen hundred and thirty-four, is hereby recognized.

(17) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippines all the civil rights of the citizens and corporations, respectively, thereof.

(18) Every duly adopted amendment to the Constitution of the Philippines shall be submitted to the President of the United States for approval. If the President approve the amendment or if the President fail to disapprove such amendment within six months from the time of its submission, the amendment shall take effect as a part of such Constitution.

(19) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the Government of the Commonwealth of the Philippines, which in his judgment will result in a failure of the Government of the Commonwealth of the Philippines to fulfill its contracts, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippines, or which in his judgment will violate international obligations of the United States.

(20) The President of the Commonwealth of the Philippines shall make an annual report to the President and Congress of the United

States of the proceedings and operations of the Government of the Commonwealth of the Philippines and shall make such other reports as the President or Congress may request.

SEC. 2. Pending the final and complete withdrawal of the sovereignty of the United States over the Philippines, there shall be a Resident Commissioner of the Philippines to the United States who shall be appointed by the President of the Commonwealth of the Philippines with the consent of the Commission on Appointments. The powers and duties of the Resident Commissioner shall be as provided in section seven, paragraph five of Public Act Numbered One hundred and twenty-seven of the Congress of the United States, approved March twenty-four, nineteen hundred and thirty-four, together with such other duties as the National Assembly may determine. The qualifications, compensation, and expenses of the Resident Commissioner shall be fixed by law.

SEC. 3. All other provisions of Public Act Numbered One hundred and twenty-seven of the Congress of the United States, approved March twenty-four, nineteen hundred and thirty-four, applicable to the Government of the Commonwealth of the Philippines are hereby made a part of this Ordinance as if such provisions were expressly inserted herein.

I HEREBY CERTIFY that this Constitution was adopted by the Constitutional Convention on February 8, 1935.

CLARO M. RECTO,
President, Constitutional Convention

ATTEST:

N. PIMENTEL,
Secretary, Constitutional Convention

DELEGATES TO THE CONSTITUTIONAL CONVENTION

	Delegate from—
Jesus Paredes	Abra.
Julio Borbon	Do.
Apolonio D. Curato	Agusan.
Delfin Gumban	Do.
Ambrosio Calleja	Albay.
Braulio Leonardo	Do.
Francisco Muñoz	Do.
Jose D. Conejero	Do.
Jesus B. Surban	Do.
Jose Bonto	Do.
Saturnino Benito	Do.
Toribio P. Perez	Do.
Angel Salazar	Antique.
Ramon Maza	Do.
Miguel Cuaderno	Bataan.
Roman A. Cruz	Do.
Juan C. Castillejos	Batanes.
Mariano A. Lizardo	Do.
Antonio Barrion	Batangas.
Claro M. Recto	Do.
Conrado V. Sanchez	Do.
Eusebio M. Lopez	Do.
Eusebio Orense	Do.
Jose P. Laurel	Do.
Anastacio A. Mumar	Bohol.
Bernardino Inting	Do.
Gaudencio Cloribel	Do.
Jose A. Clarin	Do.
Perfecto Balili	Do.
Teofilo G. Buslon	Do.
J. G. Sanvictores	Bukidnon.
Pedro D. Melendez	Do.
Antonio Villarama	Bulacan.
Manuel L. Sevilla	Do.
Nicolas Buendia	Do.
Teodoro Sandiko	Do.
Antonio Guzman	Cagayan.
Marcelo Adduru	Do.
Miguel P. Pio	Do.
Vicente Nepomuceno	Do.
Baldomero M. Lapak	Cam. Norte.
Wenceslao Vinzons	Do.
Exequiel S. Grageda	Camarines Sur.
Gabriel Prieto	Do.
Manuel Abella	Do.
Severo A. Cea	Do.
Antonio Arcenas	Capiz.
Cornelio Villareal	Do.

DELEGATES TO THE CONSTITUTIONAL CONVENTION—Continued

	Delegate from—
Jose Altavas	Capiz.
Jose M. Hontiveros	Do.
Manuel Roxas	Do.
Teodulfo Suñer	Do.
Demetrio B. Encarnacion	Cavite.
Vicente J. Francisco	Do.
Antonio Mansueto	Cebu.
Antonio B. Ybañez	Do.
Casiano S. Carin	Do.
Cesar Kintanar	Do.
Dionisio Niere	Do.
Felismeno V. Rivera	Do.
Filemon Sotto	Do.
Hilario C. Moncado	Do.
Jesus M. Cuenco	Do.
Juanito T. Maramara	Do.
Manuel C. Briones	Do.
Nicolas Rafols	Do.
Paulino Gullas	Do.
Vicente Sotto	Do.
Blah Sinsuat	Cotabato.
Menandang Piang	Do.
Pantaleon A. Pelayo	Davao.
Rafael S. Castillo	Do.
Francisco Ventura	Ilocos Norte.
Irineo Ranjo	Do.
Maximino G. Bueno	Do.
Servando Castro	Do.
Artemio Abaya	Ilocos Sur.
Delfin Joven	Do.
Elpidio Quirino	Do.
V. Singson Encarnacion	Do.
Tranquilino J. Divinagracia	Iloilo.
Fermin G. Caram	Do.
Jose Aldeguer	Do.
Jose C. Ganzon	Do.
Mariano Ezpeleta	Do.
Matias P. Yusay	Do.
Ruperto Montinola	Do.
Sofronio M. Flores	Do.
Tiburcio Lutero	Do.
Tomas Confesor	Do.
Elias Ocampo	Isabela.
Miguel B. Binag	Do.
Conrado Benitez	Laguna.
Domingo T. Zavalla	Do.
Jose M. Delgado	Do.
Pedro Guevara	Do.
Alauya Alonto	Lanao.
Tomas L. Cabili	Do.
Alejandro de Guzman	La Union.
Camilo Osias	Do.
Enrique C. Sobrepeña	Do.
Pio Ancheta	Do.
Atilano R. Cinco	Leyte.
Francisco Zialcita	Do.
Mamerto Ribo	Do.
Manuel Martinez	Leyte.
Mateo Canonoy	Do.
Norberto Romualdez	Do.
Quiremon Alkuino	Do.
Rafael Martinez	Do.
Ruperto Kapunan	Do.
Victorino N. Salazar	Do.
Gregorio Perfecto	Manila.
Manuel Lim	Do.
Rafael Palma	Do.
Salvador Araneta	Do.
Ricardo Nepomuceno	Marinduque.
Timoteo P. Ricohermoso	Do.
Jose Zurbito	Masbate.
Cipriano Liboro	Mindoro.
Juan Navarro	Do.
Alberto Crespillo	Mountain.
Blas Villamor	Do.
Clement Irving	Do.
Felipe E. Jose	Do.
Jose Fakangan	Do.
Jose Lorenzana	Do.
Jose M. Cariño	Do.
Jose Velasco	Do.
Max Duguiang	Do.
Miguel Gumangan	Do.
Saturnino Moldero	Do.
Sixto A. Gaerlan	Do.
Bonifacio Ysip	Nueva Ecija.
Eugenio Baltao	Do.
Exequiel M. Santos	Do.
Florentino Chioco	Do.
Demetrio Quirino	Nueva Vizcaya.
Leon Cabarroguis	Do.
Jose Ozamis	Misamis Oc.
Paulino Conol	Do.
Jose Artadi	Misamis Or.
Manuel C. Fernandez	Do.
Enrique J. C. Montilla	Negros Oc.
Jesus Y. Perez	Do.
Jose C. Locsin	Do.
Juan L. Ledesma	Do.
Pedro C. Hernaez	Do.
Simplicio Lizares	Do.
Hermenegildo Villanueva	Negros Or.
Jose E. Romero	Do.
Sergio G. Jumawan	Do.
Vicente Lopez	Do.
EvaristoR. Sandoval	Palawan.
Gaudencio E. Abordo	Do.
David J. Gutierrez	Pampanga.
F. B. Bautista	Do.
Jose Alejandrino	Do.
Juan B. Nepomuceno	Do.
Anacleto B. Ramos	Pangasinan.
Bernabe de Guzman	Do.
Enrique Braganza	Do.
Eusebio V. Sison	Do.

DELEGATES TO THE CONSTITUTIONAL CONVENTION—Continued

	Delegate from—
Jose L. de Guzman	Pangasinan.
Jose M. Aruego	Do.
Juan Ventenilla	Do.
Leoncio R. Esliza	Do.
Numeriano Tanopo	Do.
Pascual M. Beltran	Do.
Castor P. Cruz	Rizal.
Domingo T. Dikit	Do.
Juan Ortega	Do.
Mariano Melendres	Do.
Antonio J. Montesa	Romblon.
Manuel F. Albero	Do.
Agripino P. Escareal	Samar.
Felipe Abrigo	Do.
Juan L. Bocar	Do.
Luciano Ortiz	Do.
Pedro R. Arteche	Do.
Serafin Marabut	Do.
Adolfo Grafilo	Sorsogon.
Francisco Arellano	Sorsogon.
Jose S. Reyes	Do.
Mario Guariña	Do.
Arolan Tulawi	Sulu.
Jose Montaño	Do.
Clementino V. Diez	Surigao.
Montano A. Ortiz	Do.
Alejandro A. Galang	Tarlac.
Enrique Maglanoc	Do.
Gregorio M. Bañaga	Do.
Luis Morales	Do.
Fabian R. Millar	Tayabas.
Godofredo Reyes	Do.
Romualdo Enriquez	Do.
Vicente Salumbides	Do.
Alejo Labrador	Zambales.
Potenciano Lesaca	Do.
Florentino Saguin	Zamboanga.
Pablo Lorenzo	Do.

THE WHITE HOUSE,
March 23, 1935.

To The GOVERNOR-GENERAL OF THE PHILIPPINE ISLANDS:

The foregoing proposed Constitution of the Philippines, with ordinance appended thereto, having been submitted to me on March 18, 1935, I certify that the same conforms substantially with the provisions of the Act of Congress approved March 24, 1934 (U. S. Stat. L., vol. 48, pp. 456–465).

FRANKLIN D. ROOSEVELT.

PRESIDENT'S MESSAGE TO CONGRESS

To the Congress of the United States:

I have pleasure in informing the Congress that I have today certified to the Governor-General of the Philippine Islands that the proposed constitution of the Philippines as adopted by the Philippine Constitutional Convention conforms substantially with the provisions of the act of Congress approved March 24, 1934 (U. S. Stat. L., vol. 48, pp. 456–465).

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 23, 1935.*

The President's public statement read as follows:

I am happy to state that the Constitution submitted to me on behalf of the Philippine Constitutional Convention for certification under the Tydings-McDuffie Independence Act conforms with the provisions of the act.

The members of the Convention are congratulated on the satisfactory completion of a task so important and significant in the life of their people.

In the event of ratification of this Constitution, the authority granted to the Commonwealth Government will permit exercise by the Filipino people of general control, subject only to a few important exceptions, of their local affairs.

During the period of the Commonwealth there will remain with the Government of the United States authority commensurate with and necessary for or appropriate to the ultimate responsibilities of sovereignty.

Animated solely by feelings of cordiality, sympathy and loyalty, the people of the United States and the people of the Philippine Islands have been conducting together a great experiment, and during the period of the Commonwealth Government this experiment will continue until the ultimate withdrawal of United States sovereignty and the establishment of complete independence.

By the Governor-General of the Philippine Islands—a Proclamation

No. 784

Whereas, on the twenty-third day of March, nineteen hundred and thirty-five, the President of the United States certified that the Constitution of the Philippines, with the ordinance appended thereto, as adopted by the Constitutional Convention called and held under the authority of the Act of Congress of March fourth, nineteen hundred and thirty-four, being Act One hundred twenty-seven of the Seventy-third Congress of the United States, conforms substantially with the provisions of said Act;

Whereas, the said Act of Congress requires that within four months after such certification, the said Constitution, with the ordinance appended thereto, shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held on such date and in such manner as the Philippine Legislature may prescribe;

Whereas, it is considered advisable that a special session of the Philippine Legislature be called for the purpose of passing the necessary legislation for the submission of said Constitution, with the ordinance appended thereto, to the people of the Philippine Islands;

Now, therefore, I, Joseph Ralston Hayden, Acting Governor-General of the Philippine Islands, by virtue of the authority vested in me by section eighteen of the Act of Congress of August twenty-ninth, nineteen hundred and sixteen, hereby call the Philippine Legislature in special session to be held in the City of Manila for a period of three days beginning on Monday, the eighth day of April, nineteen hundred and thirty-five, to consider the enactment of the legislation necessary for the submission of the Constitution of the Philippines, with the ordinance appended thereto, to the people of the Philippine Islands, at an election to be held for said purpose, and for the canvassing and certification of the results thereof.

In witness whereof, I have hereunto set my hand and caused the seal of the Government of the Philippine Islands to be affixed.

Done at the City of Baguio, this twenty-seventh day of March, in the year of our Lord, nineteen hundred and thirty-five.

[SEAL]

Joseph R. Hayden
Acting Governor-General

TENTH PHILIPPINE LEGISLATURE
Special Session

H. No. 1601

[No. 4200]

AN ACT TO SUBMIT TO THE FILIPINO PEOPLE, FOR RATIFICATION OR REJECTION, THE CONSTITUTION OF THE PHILIPPINES WITH THE ORDINANCE APPENDED THERETO, TO APPROPRIATE FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. The Constitution of the Philippines with the Ordinance appended thereto, approved by the Philippine Constitutional Convention on February eight, nineteen hundred and thirty-five, and certified by the President of the United States on March twenty-three, nineteen hundred and thirty-five, to conform substantially with the provisions of the Act of Congress of March twenty-four, nineteen hundred and thirty-four (being Act Numbered One hundred twenty-seven of the Seventy-third Congress of the United States) is hereby submitted to the people of the Philippine Islands, for ratification or rejection, and for this purpose registered qualified voters shall vote either for the ratification or the rejection of said Constitution, with the Ordinance appended thereto, in an election to be held on Tuesday, May fourteen, nineteen hundred and thirty-five, in accordance with the provisions of this Act.

Said Constitution, with the Ordinance appended thereto, shall be published in the Official Gazette, in English and in Spanish, for three consecutive issues at least fifteen days prior to said election, and a printed copy of said Constitution, with the Ordinance appended thereto, shall be posted in a conspicuous place in each municipal and provincial government office building and in each polling place not later than the twenty-second day of April, nineteen hundred and thirty-five, and shall remain posted therein continually until after the termination of the election. At least ten copies of the Constitution with the Ordinance appended thereto, in English and in Spanish, shall be kept at each polling place available for examination by the qualified electors during election day. Whenever practicable, copies in the principal local dialects as may be determined by the Secretary of the Interior shall also be kept in each polling place.

SEC. 2. The provisions of the Election Law regarding the holding of special elections, insofar as they are not inconsistent herewith, are hereby declared applicable to the election provided for in this Act. The watchers shall be appointed by the political parties, branches or fractions thereof, or political groups which have polled votes in the preceding general election in each municipality at the rate of two watchers for each such party, branch or fraction thereof or political group. Acts and omissions penalized by the Election Law shall, if committed during the holding of this election or in connection therewith, be punished with the penalties prescribed by said law.

SEC. 3. In specially organized provinces, whenever necessary, the provincial boards shall, under the supervision of the Secretary of the Interior, provide for the formation of election precincts in every municipality or municipal district, shall designate the proper polling places, and shall appoint election inspectors and poll clerks with their respective substitute.

SEC. 4. The existing boards of election inspectors shall meet, for the registration of new voters and revision of the list of voters, for the purposes of this Act, on the twenty-second and twenty-third days of April, nineteen hundred and thirty-five, between the hours of eight in the morning and five in the afternoon.

SEC. 5. All judicial proceedings for the inclusion or exclusion of electors shall be filed not later than the thirtieth day of April, nineteen hundred and thirty-five, and shall be finally decided on or before the ninth day of May, nineteen hundred and thirty-five. The board of election inspectors shall hold its last meeting on May eleven, nineteen hundred and thirty-five, for the purpose specified in section four hundred and thirty-nine of the Election Law.

SEC. 6. The ballots to be used in the election shall be printed in English and in Spanish and shall conform to the following form:

OFFICIAL BALLOT

BALOTA OFICIAL

THE CONSTITUTION OF THE PHILIPPINES

with the Ordinance appended thereto, approved by the Constitutional Convention on February 8, 1935, and certified by the President of the United States on March 23, 1935, to conform substantially with the provisions of the Act of Congress of March 24, 1934, known as the Tydings-McDuffie Act (being Act No. 127 of the 73rd Congress of the United States), is submitted in this election to the People of the Philippine Islands, for ratification or rejection, by virtue of the provisions of section 4 of said Act, the pertinent portions of which read as follows:

"After the President of the United States has certified that the Constitution conforms with the provisions of this Act, it shall be submitted to the People of the Philippine Islands for their ratification or rejection at an election to be held within four months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed Constitution and Ordinances appended thereto, * * *. If a majority of the votes cast shall be for the Constitution, such vote shall be deemed an expression of the will of the People of the Philippine Islands in favor of the Philippine independence, * * *. If a majority of the votes cast are against the Constitution, the existing Government of the Philippine Islands shall continue without regard to the provisions of this Act."

To vote for the ratification of the Constitution, with the Ordinance appended thereto, write the word "YES" in the blank space after the question; to vote for the rejection thereof write the word "NO."

LA CONSTITUCIÓN DE FILIPINAS

con la Ordenanza adscrita a la misma aprobada por la Asamblea Constituyente el 8 de febrero de 1935, y certificada por el Presidente de los Estados Unidos en 23 de marzo de 1935 de hallarse sustancialmente conforme con la Ley del Congreso de 24 de marzo de 1934, conocida por Ley Tydings-McDuffie (que es la Ley No. 127 del 73.º Congreso de los Estados Unidos), se somete en este plebiscito al Pueblo de las Islas Filipinas para su ratificación o rechazamiento, por virtud de las disposiciones del artículo 4 de la citada Ley, cuyas partes pertinentes son del tenor siguiente:

"Después de haber certificado el Presidente de los Estados Unidos que la Constitucion está de acuerdo con las disposiciones de esta Ley, dicha constitución será sometida al Pueblo de las Islas Filipinas para su ratificación o rechazamiento en un plebiscito que se efectuará dentro de los cuatro meses siguientes a la fecha de dicha certificación. En dicho plebiscito, cuya fecha se señalará por la Legislatura Filipina, los electores habilitados de las Islas Filipinas tendrán oportunidad de votar directamente en pro o en contra de la propuesta Constitución y de las Ordenanzas adscritas a la misma, * * *. Si la mayoría de los votos emitidos fuese en pro de la Constitución, dichos votos serán considerados como expresión de la voluntad del Pueblo de las Islas Filipinas en favor de la independencia filipina, * * *. Si una mayoría de los votos emitidos fuese contraria a la Constitución, el actual Gobierno de las Islas Filipinas continuará no obstante las disposiciones de esta Ley."

Para votar por la ratificación de la Constitución, con la Ordenanza adscrita a la misma, escriba la palabra "Sí" en el encasillado en blanco después de la pregunta; para votar por el rechazamiento, escriba la palabra "NO."

Do you vote for the ratification of the Constitution of the Philippines, with the Ordinance appended thereto? ¿Vota Vd. en favor de la ratificación de la Constitución de Filipinas, con la Ordenanza adscrita a la misma?	

SEC. 7. The boards of inspectors shall prepare only four copies of the returns of the election in their respective polling places on a form to be prescribed by the Secretary of the Interior. One copy shall be deposited in the ballot box for the valid ballots and the three copies shall be delivered to the proper municipal treasurer, who shall immediately forward, by registered mail, one copy to the Secretary of the Senate, one copy to the Secretary of the House of Representatives and the other copy to the Secretary of the Interior. The Bureau of Posts shall accept and transmit without delay and free of charge all returns of the election and any official report or telegram connected therewith.

SEC. 8. Within thirty days after the election, the presiding officers of both Houses of the Philippine Legislature shall request the Governor-General to call the Legislature in special session for the purpose of canvassing the returns and certifying the result thereof to the Governor-General. Such certification shall include a statement of the votes cast, and a copy of said Constitution with the Ordinance appended thereto.

SEC. 9. The sum of three hundred and fifty thousand pesos or so much thereof as may be necessary is hereby appropriated out of any funds in the Insular Treasury not otherwise appropriated for the payment, subject to the approval of the Secretary of the Interior, of the expenses incurred in connection with the holding of the election provided for in this Act, and for the expenses necessary for the printing, publication, posting and free distribution of five hundred thousand copies of the Constitution with the Ordinance appended thereto in English and in Spanish and, whenever practicable, in the principal local dialects. Each election inspector and poll clerk shall receive two pesos for each day of actual service rendered by him.

SEC. 10. This Act shall take effect upon its approval.

Approved, April 8, 1935.

BY THE GOVERNOR-GENERAL OF THE PHILIPPINE ISLANDS—A PROCLAMATION

No. 810

Whereas, in pursuance of the Act of Congress, known as the Tydings-McDuffie Act, and Act Numbered Forty-two hundred of the Philippine Legislature, the Constitution of the Philippines, with the Ordinance appended thereto, was submitted to the registered qualified voters of the Philippine Islands for the ratification or rejection thereof, on the fourteenth day of May, nineteen hundred and thirty-five;

Whereas a formal request has been made by the presiding officers of both Houses of the Philippine Legislature that a special session of the present Legislature be called for the purpose of canvassing the returns and certifying the results of the election so held on May fourteenth, nineteen hundred and thirty-five;

Whereas it is necessary to provide for the election of the officers of the Commonwealth provided for in the Constitution; and

Whereas the Tydings-McDuffie Act requires that the present Government shall provide for the orderly transfer of its functions to the Commonwealth Government;

Now, therefore, I, Joseph R. Hayden, Acting Governor-General of the Philippine Islands, by virtue of the authority vested in me by section eighteen of the Act of Congress of August twenty-ninth, nineteen hundred and sixteen, hereby call the Philippine Legislature in special session to be convened in the City of Manila on the twelfth day of June, nineteen hundred and thirty-five, to receive and canvass the returns and certify the results of the election held on May fourteenth, nineteen hundred and thirty-five; to enact necessary legislation for the election of the officers of the Commonwealth Government as provided in the Constitution and for the determination of the results thereof; to provide for the orderly transfer of the functions of the present Government of the Philippine Islands to the Government of the Commonwealth and all matters appertaining thereto; and to consider and enact other legislation.

In witness whereof, I have hereunto set my hand and caused the seal of the Government of the Philippine Islands to be affixed.

Done at the City of Manila, this fifth day of June, in the year of our Lord, nineteen hundred and thirty-five.

[SEAL]

JOSEPH R. HAYDEN
Acting Governor-General.

TENTH PHILIPPINE LEGISLATURE
Second Special Session

H. Ct. R. No. 23

[Concurrent Resolution No. 20]

CONCURRENT RESOLUTION CERTIFYING TO THE GOVERNOR-GENERAL THE RATIFICATION OF THE CONSTITUTION OF THE PHILIPPINES, WITH THE ORDINANCE APPENDED THERETO, BY THE PEOPLE OF THE PHILIPPINE ISLANDS.

WHEREAS, in pursuance of section 4 of Public Act Numbered One hundred twenty-seven of the Seventy-third Congress of the United States, commonly known as the Tydings-McDuffie Act, and Act Numbered Forty-two hundred of the Philippine Legislature entitled "An Act to submit to the Filipino People, for ratification or rejection, the Constitution of the Philippines with the Ordinance appended thereto, to appropriate funds therefor, and for other purposes," the Philippine Legislature has canvassed the returns of the election held on the 14th day of May, 1935, for the purpose of submitting the Constitution of the Philippines, with the Ordinance appended thereto, to the people of the Philippine Islands, and has found that one million two hundred thirteen thousand and forty-six (1,213,046) qualified electors have voted for the ratification of the said Constitution and forty-four thousand nine hundred and sixty-three (44,963) have voted for its rejection: Now, therefore, be it

Resolved by the House of Representatives, the Philippine Senate concurring, To certify, as they hereby certify, to the Governor-General of the Philippine Islands, that the Constitution of the Philippines, with the Ordinance appended thereto, has been ratified by a majority of all the votes cast at the election held on May 14, 1935; and

Resolved, further, That the statement of the votes cast in said election duly certified by the Presiding Officers and hereto attached be, and the same hereby is, certified to the Governor-General of the Philippine Islands as a part of this Resolution; and

Resolved, finally, That the copy of the Constitution of the Philippines, with the Ordinance appended thereto, duly certified by the President and the Secretary of the Constitutional Convention and hereto attached be, and the same hereby is, certified as an official copy of the Constitution and Ordinance appended thereto that was submitted to the people of the Philippine Islands, and ratified by them, at the said election.

Adopted, June 12, 1935.

By the Governor-General of the Philippine Islands—A Proclamation

No. 816

Whereas it has been certified to me by Concurrent Resolution Numbered Twenty of the Philippine Legislature, adopted on June twelfth, nineteen hundred and thirty-five, and duly signed by the presiding officers and secretaries of the Senate and House of Representatives, that according to the returns of the election held on May fourteenth, nineteen hundred and thirty-five, pursuant to section four of Public Act Numbered One hundred twenty-seven of the Seventy-third Congress, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," otherwise known as the Tydings-McDuffie Act, and as provided in Act Numbered Four thousand two hundred of the Philippine Legislature, for the ratification or rejection of the Constitution for the Commonwealth of the Philippine Islands and Ordinance appended thereto adopted by the Constitutional Convention on February eighth, nineteen hundred and thirty-five, and approved by the President of the United States on March twenty-third, nineteen hundred and thirty-five, the said Constitution with the Ordinance appended thereto was ratified by a majority of all the votes cast at the said election, and a statement of the votes cast in said election, duly certified, and a copy of the said Constitution and Ordinance, duly certified by the President and Secretary of the Constitutional Convention as an official copy thereof, have accompanied the said resolution of certification as provided by law;

Now, therefore, I, Frank Murphy, Governor-General of the Philippine Islands, by virtue of the authority vested in me by section four of the Act of Congress Numbered One hundred twenty-seven, of March twenty-fourth, nineteen hundred and thirty-four, hereby call an election to be held on Tuesday, the seventeenth day of September, nineteen hundred and thirty-five, for the purpose of electing the following officers of the Government of the Commonwealth of the Philippine Islands provided for in the constitution thereof:

A President, a vice-president, members of the National Assembly, of whom eighty-seven members shall be elected by the representative districts as now provided by law, three members by the Mountain Province, and one member by each of the other eight existing special provinces.

For the purpose of enabling all voters to exercise the right of suffrage, Tuesday, the seventeenth day of September, nineteen hundred and thirty-five, is hereby declared a public holiday in the Philippine Islands.

In witness whereof, I have hereunto set my hand and caused the seal of the Government of the Philippine Islands to be affixed.

Done at the City of Manila, this fourteenth day of June, in the year of our Lord, nineteen hundred and thirty-five.

[SEAL]

FRANK MURPHY
Governor-General

2519—37——7

TENTH PHILIPPINE LEGISLATURE
Second Session

S. No. 137

[No. 4203]

AN ACT TO REGULATE THE HOLDING OF THE FIRST ELECTION FOR PRESIDENT AND VICE-PRESIDENT OF THE PHILIPPINES AND MEMBERS OF THE NATIONAL ASSEMBLY, TO APPROPRIATE FUNDS THEREFOR, AND FOR OTHER PURPOSES.

WHEREAS, in accordance with section four of Act Numbered One hundred twenty-seven of the Seventy-third Congress of the United States, commonly known as Tydings-McDuffie Law, the Governor-General has issued a proclamation to the People of the Philippine Islands calling an election to be held on Tuesday, September seventeen, nineteen hundred and thirty-five, for the purpose of electing the President and Vice-President of the Philippines and the Members of the National Assembly, provided for in the Philippine Constitution;

WHEREAS the existing Election Law does not contain any provisions for the election of said officers;

WHEREAS the national political parties which contended during the last general election and which subsequently consolidated into two parties, to wit, the *Nacionalista Democrático Party* and the *Nacionalista Demócrata Pro-Independencia Party*, agreed on June sixteen, nineteen hundred and thirty-five, to present joint candidates for the offices of President and Vice-President of the Philippines, with only one platform, and although said parties continue as separate and independent organizations, it is the sense of the Philippine Legislature that the holding of a free and orderly election will be best guaranteed and public confidence in the result thereof will be more firmly grounded, if any party or parties that may during the coming election contend against said coalition is given an opportunity to examine everything in connection with the holding of said election, without detriment to the principle of party government; Now, therefore,

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

GENERAL PROVISIONS

SECTION 1. *Effective date and application of this Act.*—This Act shall take effect on its approval and shall govern only with reference to the first election for President and Vice-President of the Philippines and Members of the National Assembly.

SEC. 2. *Date of election and legal provisions applicable to same.*—The first election for President and Vice-President of the Philippines and Members of the National Assembly shall be held on September seventeenth, nineteen hundred and thirty-five, in accordance with the provisions of the Philippine Constitution, of this Act, and of the existing Election Law relative to the holding of general elections, in so far as they may be applicable and not in conflict with the provisions hereof. All acts and omissions penalized by the Election

Law which shall be committed during the holding of this election or in connection therewith, shall be punished by the penalties prescribed by said Law.

CANDIDACIES

SEC. 3. *Candidacies of public officers or candidacies for more than one office.*—Any person holding a public office or employment in the executive or judicial branch, shall automatically cease in his office at the time of filing his certificate of candidacy. No person shall present himself as a candidate for or be eligible to more than one office at the election provided for in this Act, and any person filing certificates of candidacy for two or more different offices shall not be understood to be a candidate for any of such offices.

SEC. 4. *Certificates of candidacy.*—Certificates of candidacy shall be signed and sworn to by the candidates themselves and shall be filed with the Department of the Interior at least forty days before the election. Said certificates shall not contain any nicknames or *aliases* of the candidates.

SPECIAL PROVISIONS FOR CERTAIN LOCALITIES

SEC. 5. *Electoral organization in the special provinces.*—On August first, nineteen hundred and thirty-five, the provincial boards of the special provinces, under the supervision of the Secretary of the Interior, shall, whenever necessary, perform the duties of the municipal councils as regards the formation of election precincts, designation of polling places and appointments of election inspectors and poll clerks and substitutes therefor in their respective municipal districts, giving in the latter case due consideration to the recommendations of the accredited representatives of the national political parties.

In the municipalities of said provinces, action on such matters shall be taken by the municipal councils concerned, the same as in the case of regular municipalities.

SEC. 6. *Municipal districts of certain provinces.*—The voters of Allacapan and Langganan, in the Province of Cagayan, shall vote in the second legislative district of said province; those of Alilem, Angaki, Cervantes, Concepción, San Emilio, Sigay, Sugpon, Suyo and Tagudin, in the Province of Ilocos Sur, shall vote in the second legislative district of said province; the voters of Sudipen, Santol and San Gabriel, in the Province of La Union, shall vote in the first legislative district of said province, and the voters of Bagulin, Burgos and Pugo, also in the Province of La Union, shall vote in the second legislative district thereof.

SEC. 7. *Legislative districts of the Mountain Province.*—For the purposes of the election of Members of the National Assembly, the Mountain Province shall be divided into three districts, as follows: *First District*, composed of the municipal districts of Bayag, Conner, Kabugao, Luna, Namaltugan and Tauit, Subprovince of Apayao, of the municipal districts of Balbalan, Lubuagan, Pinukpuk, Tabuk and Tanudan, Subprovince of Kalinga, and of the municipal districts of Bontoc (the capital of the province), Barilig, Sabañgan, Sadañgan, Sagada, Natunin and Tinglayan, Subprovince of Bontoc; *Second District*, composed of the City of Baguio

and the municipal districts of Ampasungan, Atok, Bokod, Bakun, Buguias, Itogon, Kabayan, Kapangan, Kibungan, La Trinidad, Mankayan, Sablan, Tuba and Tublay, Subprovince of Benguet; *Third District*, composed of the municipal districts of Banaue, Burney, Hungduan, Kiangan, and Mayoyao, Subprovince of Ifugao, and of the municipal districts of Banaao, Bauco, Besao and Kayan, Subprovince of Lepanto.

SEC. 8. *Election of Members of the National Assembly for Cotabato, Lanao and Sulu.*—The Members of the National Assembly for the Provinces of Cotabato, Lanao and Sulu shall in each case be elected by the presidents, vice-presidents and present municipal councilors of the municipalities and districts making up the province, by the persons who occupied similar positions in said municipalities and municipal districts in the past, and by the present senators, representatives, delegates to the Constitutional Convention, provincial governors and members of provincial boards, and by any persons who occupied any of said offices in the past and reside in the province concerned. For said purpose, a board of election inspectors of each of the municipalities and municipal districts of said provinces, and in case there is more than one board of election inspectors in any municipality or municipal district, the one designated by the provincial board concerned, shall make a special list of said officers and ex-officers, including in said list those of them who may apply therefor on the days set aside by this Act for the registration of voters. On the day of the election, the officers and ex-officers registered as above mentioned shall be entitled to vote, filling out the proper official ballot and depositing the same in a separate ballot box furnished to the board of inspectors by the provincial board, and upon the termination of the balloting, the board of election inspectors shall count the votes so deposited and shall prepare a separate return of the result, in accordance with section four hundred and sixty-five of the Election Law.

ELECTION REGULATIONS OF GENERAL APPLICATION

SEC. 9. *Election precincts and polling places.*—The election precincts shall remain the same as now established and the polling places shall be the same, unless the municipal council or board concerned shall, for good reason, designate a different place on or before August first, nineteen hundred and thirty-five.

SEC. 10. *Appointment of election inspectors and poll clerks.*—On August first, nineteen hundred and thirty-five, the municipal council shall appoint three election inspectors and one poll clerk, with their respective substitutes, for such election precinct.

Two of said election inspectors and the poll clerk, and their respective substitutes, shall belong to the political party, branch or fraction thereof, or political group, which polled the largest number of votes in said municipality at the general election of nineteen hundred and thirty-four, and the other inspector and his substitute shall belong to the political party, branch or fraction thereof, or political group, which polled the next largest number of votes at said election.

No inspector or representation of any kind on the board of inspectors shall be granted to any branch, fraction or political group which has since the general election of nineteen hundred and thirty-four

separated, or which may hereafter separate, from said parties, branches, fractions or political groups, or from the party created by their consolidation.

The election inspectors and poll clerks and their respective substitutes shall be persons nominated by the accredited representatives of said parties, branches, fractions or political groups.

If any party or political group presenting candidates for President and Vice-President of the Philippines shall be formed before August first, nineteen hundred and thirty-five, such party or group shall, upon nomination by the same, be given representation at each of the polling places of the municipalities or places where such party or group has an accredited representative, by means of the appointment on said date of a fourth inspector, with his substitute, having the qualifications required by section four hundred and nineteen of the Election Law, and if, besides, other parties or political groups are formed which present candidates for said offices and which have accredited representatives in the locality, the Supreme Court shall, at the request of an interested party, grant such additional inspector to the party or political group showing that it has the most extensive organization in said locality. This paragraph shall not be construed to mean that the new party or political group or the candidates thereof may have more than one inspector on the board.

In case a fourth inspector is appointed as provided in the next preceding paragraph, the poll clerk shall be entitled to vote on the board of inspectors in case of a tie.

An election inspector or poll clerk may be replaced at any time at the request of the party or group on whose nomination he was appointed, and in case there shall be no time for holding a meeting of the municipal council for said purpose, or if the latter shall fail to act or to come to an agreement, the duties of inspector or poll clerk, as the case may be, shall be performed by the substitute or by the person nominated by the party or group concerned.

Any protest made by an inspector against any act of the board of inspectors or of any member thereof, shall be made to appear over his signature in the return, and no protest not so made and appearing shall be entertained or considered as made.

SEC. 11. *Revision of list of voters and registration of new voters.*—The boards of election inspectors shall meet on August ninth and tenth, nineteen hundred and thirty-five, to revise the list of voters and register new voters therein. On said days, said boards of inspectors shall strike from the present lists of voters the names of persons not having the qualifications prescribed by Title Five of the Constitution, of those disqualified from voting under the provisions of section four hundred and thirty-two of the Election Law, and of those serving sentences of imprisonment. This section shall, however, not to be construed as barring the re-registration of voters rejected as illiterates if they can show, on one of the days set aside by law for the registration of voters, that they can write and read and are not otherwise incapacitated by law.

SEC. 12. *Voters who may register and vote by mail.*—Voters confined at a leper station or colony and not otherwise incapacitated may register and vote by mail, sending their respective applications or ballots by registered mail to the board of inspectors of the precinct in which they resided prior to their confinement, and it shall

be the duty of the board of inspectors of said precinct to register them and consider their ballots, provided the applicants have the qualifications required of voters and the application or ballot reaches said board of inspectors in time. The Secretary of the Interior shall make such additional regulations as may be necessary to facilitate the registration of said electors and to insure a secret, free and honest ballot.

SEC. 13. *Proceedings for inclusion and exclusion of voters and correction of list of voters.*—All judicial proceedings for inclusion in or exclusion from the list of voters shall be free of charge and shall be filed at the latest on August twenty-fourth, nineteen hundred and thirty-five, and a final decision thereon shall be rendered on or before September sixth, nineteen hundred and thirty-five. The boards of election inspectors shall hold their last meeting on September seventh, nineteen hundred and thirty-five, for the purposes specified in section four hundred and thirty-nine of the Election Law.

SEC. 14. *Compensation of election inspectors and poll clerks.*—Election inspectors and poll clerks shall receive compensation at the rate of four pesos for each day of service rendered.

SEC. 15. *Ballots.*—The ballots shall be uniform throughout the Philippine Islands, except in the Provinces of Cotabato, Lanao and Sulu. No ballot shall have any printing on the back and the stubs thereof shall be numbered consecutively in each municipality or municipal district.

SEC. 16. *Preparation of ballot and spoiled ballots.*—Every voter shall prepare his ballot himself and no one shall be permitted to assist him therein, any provision of existing law to the contrary notwithstanding, except as far as the election of Members of the National Assembly in the Provinces of Cotabato, Lanao and Sulu is concerned. Ballots prepared in violation of this provision shall be void and shall not be counted. Nor shall any vote be counted on which the candidate is designated by his nickname or *alias*, although mention thereof is made on his certificate of candidacy.

SEC. 17. *Counting of votes and canvass of returns.*—The result of the balloting for Members of the National Assembly shall be determined by the board of canvassers of the province concerned as now provided by law for elective members of the House of Representatives. Said board shall forthwith certify the result of the election for Members of the National Assembly in its province to the Governor-General.

The election returns of the President and Vice-President, duly certified and sealed by the board of canvassers of each province, including special provinces and the City of Manila, shall be prepared in triplicate and shall forthwith be sent, one copy to the Secretary of the Senate, one to the Secretary of the House of Representatives, and one to the Secretary of the Interior.

Thirty days after the election has been held, or on a date to be designated by the Governor-General, the Legislature shall meet in joint session and shall publicly count the votes cast at the election of President and Vice-President of the Philippines, determine the result thereof, and certify the same to the Governor-General.

SEC. 18. *Transmission of documents relating to election.*—The Bureau of Posts shall receive and transmit without delay and free of charge all election returns and other official documents, reports, telegrams or radiograms relating to the election in this Act provided for.

FINAL PROVISIONS

SEC. 19. *Assumption of office by officers elect.*—The President and Vice-President of the Philippines and Members of the National Assembly elected in accordance with this Act shall assume office and the National Assembly shall hold its first session immediately after said officers shall have been proclaimed as elected by the President of the United States.

SEC. 20. *Appropriation.*—The sum of eight hundred thousand pesos, or so much thereof as may be necessary, is hereby appropriated, out of any funds in the Insular Treasury not otherwise appropriated, for the expenses of the election ordered in this Act.

SEC. 21. *Repealing clause.*—All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed.

Approved, July 23, 1935.

SUMMARY

GENERAL PROVISIONS

SEC. 1. Effective date and application of this Act.
SEC. 2. Date of election and legal provisions applicable to same.

CANDIDACIES

SEC. 3. Candidacies of public officers or candidacies for more than one office.
SEC. 4. Certificates of candidacy.

SPECIAL PROVISIONS FOR CERTAIN LOCALITIES

SEC. 5. Electoral organization in the special provinces.
SEC. 6. Municipal districts of certain provinces.
SEC. 7. Legislative districts of the Mountain Province.
SEC. 8. Election of Members of the National Assembly for Cotabato, Lanao and Sulu.

ELECTION REGULATIONS OF GENERAL APPLICATION

SEC. 9. Election precincts and polling places.
SEC. 10. Appointment of election inspectors and poll clerks.
SEC. 11. Revision of list of voters and registration of new voters.
SEC. 12. Voters who may register and vote by mail.
SEC. 13. Proceedings for inclusion and exclusion of voters and correction of list of voters.
SEC. 14. Compensation of election inspectors and poll clerks.
SEC. 15. Ballots.
SEC. 16. Preparation of ballot and spoiled ballots.
SEC. 17. Counting of votes and canvass of returns.
SEC. 18. Transmission of documents relating to election.

FINAL PROVISIONS

SEC. 19. Assumption of office by officers elect.
SEC. 20. Appropriation.
SEC. 21. Repealing clause.

TENTH PHILIPPINE LEGISLATURE, SECOND SESSION, BEGUN AND HELD AT THE CITY OF MANILA ON MONDAY, THE TWENTY-FOURTH DAY OF JUNE, NINETEEN HUNDRED AND THIRTY-FIVE

[Resolution of both Houses in joint session]

RESOLUTION OF THE SENATE AND HOUSE OF REPRESENTATIVES OF THE PHILIPPINES, IN JOINT SESSION ASSEMBLED, CERTIFYING TO THE GOVERNOR-GENERAL THE RESULT OF THE ELECTION FOR PRESIDENT AND VICE-PRESIDENT OF THE PHILIPPINES.

WHEREAS, in pursuance of section four of Public Act Numbered One hundred twenty-seven of the Seventy-third Congress of the United States, commonly known as the Tydings-McDuffie Act, and section seventeen of Act Numbered Forty-two hundred and three of the Philippine Legislature entitled "An Act to regulate the holding of the first election for President and Vice-President of the Philippines and Members of the National Assembly, to appropriate funds therefor, and for other purposes," the Philippine Legislature met in joint session, publicly counted the votes cast at the election held on September seventeen, nineteen hundred and thirty-five, for the office of President and Vice-President of the Philippines, determined the result thereof, and has found that for the office of President, Hon. Manuel L. Quezon received six hundred ninety-five thousand, two hundred ninety-seven (695,297) votes; Gen. Emilio Aguinaldo received one hundred seventy-nine thousand, four hundred one (179,401) votes; Mons. Gregorio Aglipay received one hundred forty-eight thousand, six (148,006) votes and Mr. Pascual Racuyal received one hundred fifty-eight (158) votes; and for the Office of Vice-President Hon. Sergio Osmeña received eight hundred ten thousand, six hundred sixty-six (810,666) votes; Hon. Raymundo Melliza received seventy thousand, eight hundred ninety-one (70,891) votes; and Mr. Norberto Nabong received fifty-one thousand, four hundred forty-four (51,444) votes; and

WHEREAS, the number of votes received for the Office of President by Hon. Manuel L. Quezon and for the Office of Vice-President by Hon. Sergio Osmeña constitutes not only a plurality, but a majority of the votes legally cast for the said offices: Now, therefore,

Be it resolved by the Senate and House of Representatives of the Philippines, in joint session assembled in the Hall of the House of Representatives:

To certify, as they hereby certify, to the Governor-General of the Philippine Islands that Honorable Manuel L. Quezon and Honorable Sergio Osmeña have been elected President and Vice-President of the Philippines, respectively, by a majority of all the votes cast at the election held on September seventeenth, nineteen hundred and thirty-five; and

That the statement of the votes cast in said election by provinces duly certified by the presiding officers and hereto attached be, and the same hereby is, certified to the Governor-General of the Philippines as a part of this resolution; and

That the certificates of canvass made by the provincial boards of canvassers of returns of votes for President and Vice-President

of the Philippines, duly certified by the Provincial Board of Canvassers of the respective provinces and hereto attached be, and the same hereby is, certified to the Governor-General of the Philippines as a part of this resolution.

Adopted, October 12, 1935.

José Avelino
President Pro Tempore of the Senate
Quintin Paredes
Speaker of the House of Representatives

We hereby certify that the foregoing Resolution was adopted by both Houses of the Philippine Legislature in joint session held on October 12, 1935.

Fermín S. Torralba
Secretary of the Senate
Eulogio Benítez
Secretary of the House of Representatives

(Official Seal: Philippine Senate and House of Representatives.)

Certification of Election of Officers of the Commonwealth of the Philippine Islands by the Governor-General

To the Honorable, The President of the United States, Greetings:

Pursuant to the provisions of Section 4 of Public Act numbered 127 of the Congress of the United States, appeared on the twenty fourth day of March, 1934, I, Frank Murphy, Governor General of the Philippine Islands, hereby certify that the election of the officers of the Commonwealth of the Philippine Islands provided for in its Constitution was duly held throughout the Phillippine Islands on the seventeenth day of September, 1935, and that according to the results of said election as determined in accordance with the laws therefor made and provided, the following were elected:

President: Manuel L. Quezon of Baler, Tayabas.
Vice President: Sergio Osmena of Cebu, Cebu.
Members of the National Assembly:
Abra, Quintin Paredes.
Agusan, Apolonio D. Curato.
Albay, 1st District, Jose Bonto.
2nd District, Justino Nuyda.
3rd District, Pedro Sabido.
4th District, Pedro Vera.
Antique, Calixto O. Zaldivar.
Bataan, Teodoro Camacho.
Batanes, Vicente Agan.
Batangas, 1st District, Natalio Lopez.
2nd District, Eusebio Orense.
3rd District, Maximo Kalaw.
Bohol, 1st District, Juan Torralba.
2nd District, Olegario B. Clarin.
3rd District, Margarito E. Revilles.
Bukidnon, Manuel Fortich.

Bulacan, 1st District, Nicolas Buendia.
2nd District, Antonio Villarama.
Cagayan, 1st District, Marcelo Adduru.
2nd District, Regino Veridiano.
Camarines Norte, Cayetano Lukban.
Camarines Sur, 1st District, Francisco Celebrado.
2nd District, Luis N. de Leon.
Capiz, 1st District, Manuel Roxas.
2nd District, Jose A. Dorado.
3rd District, Rafael Tumbokon.
Cavite, Justiniano S. Montano.
Cebu, 1st District, Celestino Rodriguez.
2nd District, Hilario Abellana.
3rd District, Agustin Y. Kintanar.
4th District, Vicente Rama.
5th District, Miguel Cuenco.
6th District, Nicolas Rafols.
7th District, Buenaventura Rodriguez.
Cotabato, Datu Sinsuat.
Davao, Romualdo Quimpo.
Ilocos Norte, 1st district, Vicente T. Lazo.
2nd district, Julio Nalundasan (Deceased).
Ilocos Sur, 1st district, Benito Soliven.
2nd district, Sixto Brillantes.
Iloilo, 1st district, Jose C. Zulueta.
2nd district, Ruperto Montinola.
3rd district, Tomas Confesor.
4th district, Tomas Buenaflor.
5th district, Victorino Salcedo.
Isabela, Mauro Versosa.
Laguna, 1st district, Tomas Dizon.
2nd district, Arsenio Bonifacio.
Lanao, Tomas Cabili.
La Union, 1st district, Camilo Osias.
2nd district, Agaton R. Yaranon.
Leyte, 1st district, Jose Ma. Veloso
2nd district, Dominador M. Tan.
3rd district, Tomas Oppus.
4th district, Francisco Enage.
5th district, Ruperto Kapunan.
Manila, 1st district, Gregorio Perfecto.
2nd district, Pedro Gil.
Marinduque, Cecilio A. Maneja.
Masbate, Pio V. Corpus.
Mindoro, Juan L. Luna.
Misamis Occidental, Jose Ozamis.
Misamis Oriental, Leon Borromeo.
Mountain Province, 1st district, Saturnino Moldero.
2nd district, Felipe Jose.
3rd district, George K. Tait.
Negros Occidental, 1st district, Enrique Magalona.
2nd district, Pedro C. Hernaez.
3rd district, Gil M. Montilla.

NEGROS ORIENTAL, 1st district, Guillermo Z. Villanueva.
2nd district, Jose E. Romero.
NUEVA ECIJA, 1st district, Manuel Alzate.
2nd district, Felipe Buencamino, Jr.
NUEVA VIZCAYA, Bernardo Buenafe.
PALAWAN, Claudio Sandoval.
PAMPANGA, 1st district, Eligio G. Lagman.
2nd district, Jose P. Fausto.
PANGASINAN, 1st district, Anacleto B. Ramos.
2nd district, Eugenio Perez.
3rd district, Daniel Maramba.
4th district, N. T. Rupisan.
5th district, Narciso Ramos.
RIZAL, 1st district, Pedro Magsalin.
2nd district, Emilio de la Paz.
ROMBLON, Gabriel F. Fabella.
SAMAR, 1st district, Antolin D. Tan.
2nd district, Serafin Marabut.
3rd district, Juan Bocar.
SORSOGON, 1st district, Norberto A. Roque.
2nd district, Tomas S. Clemente.
SULU, Datu Ombra Amilbangsa.
SURIGAO, Ricardo Navarro, Clementino V. Diez } tie.
TARLAC, 1st district, Jose G. Cojuangco.
2nd district, Benigno Aquino.
TAYABAS, 1st district, Jose A. Angara.
2nd district, Francisco Lavides.
ZAMBALES, Potenciano Lesaca.
ZAMBOANGA, Juan S. Alano.

Done at the City of Manila, Philippine Islands, this fourteenth day of October, in the Year of Our Lord, one thousand nine hundred and thirty-five.

FRANK MURPHY,
Governor-General of the Philippine Islands.

BY THE GOVERNOR-GENERAL OF THE PHILIPPINE ISLANDS—A PROCLAMATION

No. 860.—Calling a special session of the Philippine Legislature on November 12, 1935, for the purpose of holding a joint session on that day in honor of the Vice-President of the United States, the Speaker of the House of Representatives, and other distinguished members of the United States Congress; and for other purposes.

Whereas the Vice-President of the United States, the Speaker of the House of Representatives, and other distinguished members of the United States Congress have accepted an invitation, tendered on behalf of the Philippine Legislature, to be present at the inauguration of the Commonwealth of the Philippines, and I have been requested by several members of the Legislature to call a special session in honor of these distinguished visitors and for other purposes;

Now, therefore, I, Frank Murphy, Governor-General of the Philippine Islands, by virtue of the authority vested in me by section eighteen of the Act of Congress of August twenty-ninth, nineteen hundred and sixteen, do hereby call a special session of the Philippine Legislature to be convened in the City of Manila, Philippine Islands, on Tuesday, November twelfth, nineteen hundred and thirty-five, at ten o'clock in the forenoon, for the purpose of holding a joint session on that day in honor of the Vice-President of the United States, the Speaker of the House of Representatives, and other distinguished members of the United States Congress; for reconsideration of Senate bill Numbered One hundred eighty-six, entitled "An Act to amend section six of the Act entitled 'An Act to raise revenue for the Philippine Islands, and for other purposes', approved by the Congress of the United States on August fifth, nineteen hundred and nine, as amended by Act Numbered Four thousand and thirty-four of the Philippine Legislature"; and to receive a message from the Governor-General of the Philippine Islands on November fourteenth.

In witness whereof, I have hereunto set my hand and caused the seal of the Government of the Philippine Islands to be affixed.

Done at the City of Manila, this seventh day of November, in the year of our Lord, nineteen hundred and thirty-five.

[SEAL]

FRANK MURPHY,
Governor-General.

VICE PRESIDENT GARNER'S SPEECH AT THE JOINT SESSION OF THE PHILIPPINE LEGISLATURE, NOVEMBER 12, 1935

Mr. President, through the accident of war some thirty-five years ago your beautiful Islands came under the sovereignty of the United States.

Within five years of this acquisition my people made me a Member of the United States House of Representatives. During my first term in that body was formed the impression that our American sovereignty was of a temporary character. The discussions in those early days of whether they should be retained permanently or ultimately be given their independence caused keen interest in the expressions of opinion of our greater statesmen, and at a very early period there came from all the promise of ultimate independence.

This was followed by expressions of opinion of our great men in the Presidential chair and in our Congress that independence should be granted.

Today it is a pleasure to be with you because of your great happiness on this historic occasion, although, perhaps, the early years may prove a period of trial and tribulation, such as we had in our country.

The thought foremost in my mind is that Americans have fulfilled their promise—the word of the American Nation is good, no matter how great the sacrifice to make it good. It is a sacrifice to part with a wonderful country such as yours, populated by a kindly, industrious, and intelligent people.

I have a feeling of pride that for the first time in the world's history, at a great loss to itself, the American Nation has redeemed its promise.

In company with our distinguished Speaker Byrns, of the House of Representatives, one of the great coordinate branches of our Government, with 27 Congressman and 17 United States Senators, and our wives, we have traveled approximately 10,000 miles and must travel 10,000 miles in return to celebrate two things.

Putting them in the order in which my mind dwells upon them, there is the redemption of a national promise that all right-thinking Americans will approve and that all self-governing nations of the earth will applaud.

As years went on in my congressional career fate finally placed me as Speaker of the great House of Representatives, and it was during my term of office that the first bill containing an offer of independence was passed.

And then, strange as events will sometimes order, as Vice President of the United States the pleasure came to me of witnessing for the second time as a Presiding Officer the final accepted offer of independence.

On both occasions the offer of independence was accompanied by conditions and obligations which should first be accepted by your people.

Amongst these was the perpetual preservation of human and property rights, which rights it had taken our ancestry many hundreds of years to secure. These rights were fought for upon battlefields and in debates and finally found themselves in written form in our American Constitution in what lawyers and even our school boys today know as our Bill of Rights.

Your new Constitution was presented to President Roosevelt, examined by himself and his advisers, and we find that it contains these essentials of self-government:

1. No person shall be deprived of life, liberty, or property without due process of law.
2. Security against unreasonable search and seizure.
3. Religious liberty and its free exercise.
4. Freedom of speech, of the press, and the right of assembly and petition.
5. No involuntary servitude of any kind.
6. The privilege of the use of the writ of habeas corpus.
7. Due process of law in criminal offenses, the accused to be confronted with witnesses, and many other safeguards and protections for liberty, property, and orderly government.

It has been generally agreed by thinking men the world over that if liberty is to be preserved and the rights of property respected, these provisions are essential.

For some thirty-four years our public administrators in the Islands, our soldiers who were here when the war was over, and our school teachers who came later and for long over a decade taught the blessings to be secured by liberty, education, and religious freedom, are now all covered in your Constitution.

My friend, former Senator Hawes, a student of your country who has devoted years of his life toward promoting your aspirations for self-government, informs me that your people have paid all of its bills for education, bills for sanitation, the bills for public health, the bills for roads, and even the salaries of American administrators and their advisers, and that you enter upon your great experiment

of freedom with probably the smallest per capita national debt of any nation.

He advises me that in the thirty-five years of American sovereignty, with the exception of $3,000,000 provided for recuperation after the war, the entire cost of all civil administration has been provided by the revenues secured from the taxation of your own people.

Few nations have a record similar to this. The most of the world is not happy—it is in a state of much confusion and distress.

It speaks well for the character of your people and the temporary sovereignty of my people that an unequaled record of financial stability like this should exist.

Our trade relations have grown to such proportions that you have until recently ranked as our eighth best customer, and, through the laws passed by our Congress, we have not only been your best customer, but practically your sole customer.

Trade relations of a beneficial character rest exclusively upon two things: the ability to sell, giving the ability to buy.

Our great President, Franklin D. Roosevelt, in sending the last independence bill to Congress, accompanied it with a recommendation that where there were inequalities in our trade relations, they should be adjusted by a Commission representing both peoples who could arrive at an equitable decision which would prove advantageous to our 120,000,000 people and to your 14,000,000 people.

And this I hope, after thoughtful consideration and investigation, will be worked out to the mutual advantage of both nations.

May the new nation preserve the world's fine traditions of liberty and equality, a nation of Christian people, who by its careful and thoughtful consideration of all its people will prove an inspiration to the nations of the earth. Prosperity will not come to you without some trial and some sacrifice. Much will depend on the character of the men who administer your affairs.

You have sent to our country brilliant and able men as Commissioners to our House of Representatives. You have sent special commissions of studious, patriotic men whose eloquence and logic have impressed the American Congress.

Among these, as one of your Commissioners many years ago, I met the Honorable Manuel Quezon. He possessed individuality, activity, intellect, and courtesy rarely combined in one man. We became personal friends. I found him fair and vigorous, always patriotic, and it is a pleasure for me to know that in your recent election he was chosen as the first president of your new Commonwealth by decisive majorities.

It is a great responsibility. It will call for a high character of statesmanship. His term of office is limited to six years. He cannot succeed himself.

It would seem to me therefore to be the part of wisdom and patriotic thought for Filipinos to throw aside partisan and personal feeling and all unite in a coordinated support during these first trying years. Let all thoughtful men and women put aside ideas of change and surround him with loyal support from every quarter so that in the administration of his office he may pick the ablest advisers.

My thought goes back to the years in my country when Washington was its leader. At the birth of our Nation when there were not

two parties all factions supported the one party and the one administration, our first Washington administration.

Why cannot this happen under my friend, your President-elect, Manuel Quezon?

There should be no quarrelling and discord or lack of harmony. You have in your Constitution set a limitation upon his term, and during that time, in the fateful years of your first President, it seems to me that he should be given united support.

After this first administration there may be divisions. There is always honest disagreement in a republic such as you are forming, but let the first administration be united.

Our Presidents have sent to you as Governors General men of ability, of sympathetic interest in promoting your welfare. The last of these is among the best, Governor Frank Murphy, who has won your confidence and esteem, has cooperated with your great leaders, Quezon and Osmeña, and received the applause of your people.

A consistent continued American policy of preparation and control, followed by what to me is of great historic significance, a redeemed national promise, with the well wishes of the nations of the earth, I came to this unusual historical spectacle with confidence in your future.

I shall watch your destiny with optimism and friendly interest.

You have the very best wishes of the people of the United States, and I am sure that prosperity will come, and with prosperity, happiness and national progress.

I thank you in behalf of each member of the Congressional delegation for the invitation which brought us here and brought with us our wives, and I assure you that we are carrying back kindly feelings of confidence and interest.

Few people have had the privilege of witnessing the peaceful birth of a new nation that comes quietly into the world's sisterhood of states, with an orderly written government, with a well chosen leader, with all promise for happiness.

We are impressed; we return home inspired, with another great forward step in world progress.

Speaker Byrns' Speech at the Joint Session of the Philippine Legislature, November 12, 1935.

Mr. President, Mr. Speaker, and members of the Philippine Assembly, it is indeed a high honor to appear before you on this occasion in anticipation of the historic processes soon to be inaugurated as a preliminary to the birth of a new and independent nation. As a member of the party of United States Senators and Congressmen, who, with their wives and important members of the United States press, have come on your generous invitation from our homeland to extend our congratulations and cordial good will on this memorable occasion, I wish to join in the felicitations and good wishes so eloquently expressed by our able, distinguished, and much-beloved Vice President, the second ranking officer of our Government, and who speaks as the leader of our delegation. I join in his expression of pride that this historic event has been made possible by the generous action of our great Republic in voluntarily surrendering its right of

sovereignty and the interests which go with it in order that the people of the Philippine Islands may enjoy that sense of national freedom and independence which we have enjoyed for nearly 150 years. So far as I know, it is the first time that a great people have achieved independence without the necessity of securing it at the point of the sword; and may I say, Mr. President, and to you, Mr. Speaker, that while my country has surrendered its sovereignity it never has and never will surrender its friendship and sympathetic interest in the Filipino people. No real republican form of government has ever existed as such for any great length of time which did not recognize the principles of democracy and the common good of the people as a whole. It is the practice of those fundamental ideals which has made our own country great and powerful and its people happy and contented during the past years.

May I say that it is for you gentlemen and other leaders in your nation to preserve and make lasting these principles so well expressed in the highly progressive Constitution which you have approved. We feel certain that this will be done by the incoming administration, headed as it will be by your very able and devoted leader and President, Hon. Manuel Quezon. We look with confidence, therefore, to your development and "strike hands with you across the sea" in best wishes for your future endeavors along these lines.

In the House of Representatives we find that the following Congressmen and Senators in our party served in the same period that your President, Manuel Quezon, represented your country as the Philippine Commissioner in the House of Representatives: John N. Garner, Joseph T. Robinson, Matthew M. Neely, James F. Byrnes, Robert L. Doughton, Bertrand H. Snell, and Allen T. Treadway, all of whom have risen to places of influence and distinction in the Congress.

We found him to be a very able man, resourceful, considerate, and dependable. His contacts with these Members of Congress, a few of whom I have mentioned, I know have given him not only a theoretical but a very practical knowledge of the workings of the American system of government.

We have all come in contact with the many able Commissioners you have sent to Washington during past years and whose names I shall not have time to mention, and also with the able men who have come to Washington from time to time as members of various high commissions. All of this has served to increase our confidence in your future, for all were able and faithful representatives of your interests. Undoubtedly honest differences of political opinion will arise, but these will be solved, I am sure, in a spirit of amity and good will.

In considering your new Constitution I find first and foremost those declarations in the bill of rights to which the Vice President has referred.

Through his pleasant contact with the Congress, your new President-elect has acquired a practical viewpoint of other administration details for the interpretation in a fair and equitable way of the provisions of your Constitution.

I bespeak for him your united support, and that you will give him generously of your advice and assistance that the way may be smoothed for the attainment of the high ideals he possesses.

He has had associated with him for the last few years as Governor General of the Philippine Islands, Gov. Frank Murphy, an able and conscientious executive whose experiences as mayor of one of our great cities, Detroit, has familiarized him with finance and orderly government. In his official contacts here we are pleased but not surprised to know that he has displayed tact and good judgment.

For the next ten years, at least, the American flag will fly over your Commonwealth, and you will have with you an official representing the United States, who will have the title of High Commissioner. This official, I am happy to believe, will be your present able Governor-General and he will be representative of the President of the United States when it is necessary for him to act.

His sympathetic cooperation during our continued sovereignty, subject to changes by Congress, will be the expression of the American people.

For ten years, unless there is a change, the Stars and Stripes, for which I know you have the greatest respect, will fly over the Commonwealth. The Philippine flag, red, white, and blue, with its three stars and its blazing sun typifying the tropics, will be carried on all standards. These sister flags will do much as they have in the past to strengthen the fine type of friendship which exists today.

When the time comes for the Republic to replace the Commonwealth, we believe that the conduct of its affairs during this period will so impress the nations of the world that the new Republic will begin its career with not only the old friendship of my country, but that all the enlightened nations of the earth will unite in its protection and in the preservation of its sovereignty.

The great American Nation will watch your development with keen interest and, wherever we may, will extend a helping hand.

You raise products which are not raised in the United States. We sell you manufactured articles which are not made in your country. We believe that the President's Commission will work out an equitable plan beneficial to both our nations, and that the result of its recommendations will strengthen the ties that will become stronger with the years.

The administration of President Quezon and Vice-President Osmeña is entitled to unified support. Your example of unity, patriotism, and self-sacrifice will have a most beneficial and heartening effect on the people of my country, and make it more simple and easy to reconcile any inequalities that now exist or may occur.

A strong government administering your affairs under your progressive Constitution, which has been approved by our great President, Franklin D. Roosevelt, will make for harmony, unity, and cooperation.

It was kind of the Philippine people to include in their invitation to Senators and Congressmen an invitation for their wives. They have enjoyed the visit. You have aroused their sympathy and interest as you have our own.

I have learned that the Filipino women are leaders in the matter of education. They are the household bankers. They have followed the teachings of our school teachers and our economists. They have many of the favorite American dishes in their kitchens. So, on behalf of the ladies of the Senate and of the House of Representa-

tives, I thank you for the courtesy of the invitation, but I have the suspicion that back of it was the thought that our wives and daughters who have come with us will in the future help to tighten the bonds of friendship and good will between our nations.

I cannot close these remarks without referring briefly to my friend and your friend, Hon. Harry B. Hawes. As United States Senator, and since then, he has been an earnest, devoted, and able friend of the Philippine people. He merits your friendship and gratitude for his faithful and unselfish work in your behalf.

Let me again thank you for the high privilege that has been extended to us and to our wives to visit you and study first hand your conditions and your aspirations. Let me assure you that we are taking home with us the kindliest thoughts of a pleasant and instructive visit.

To have even a small part in the establishment of an independent republic in the great Orient, to know that the fine traditions of America will be preserved, is satisfaction enough for all right-thinking Americans.

MESSAGE OF HIS EXCELLENCY, GOVERNOR-GENERAL FRANK MURPHY TO THE PHILIPPINE LEGISLATURE IN ITS FINAL SESSION, NOVEMBER 14, 1935, MANILA.

Gentlemen of the Legislature:

Today we are completing another chapter in American-Filipino relations. Upon issuance by the President tomorrow of a proclamation announcing the results of the recent national election, in accordance with section 4 of the Tydings-McDuffie Act, the office of the Governor General of the Philippine Islands will come to an end. This legislative body likewise will pass into history. The charter of our authority known as the Jones Act, granted by the United States Congress in 1916, under whose liberal and beneficent provisions the Philippine people have governed and been governed for nearly two decades—this great charter of liberal government will terminate. In its place a new charter of government, a constitution framed by the representatives of the Philippine people themselves in pursuance of authority granted by the United States Congress, and a new form of government constituted thereunder, will come into operation. At such a time it seems fitting for us to pause a few moments before final adjournment, to consider the situation of our government and review briefly the significant events and forces that have shaped our course until the present hour.

Under the auspices of the Spanish Empire of the sixteenth century, the foremost nation of Europe, rich, cultured, and powerful, western civilization was brought to the Philippines in the year 1564. During three centuries and a half that followed, the people of these Islands received the impress of a great Spanish culture and became indoctrinated with the Christian religion. Through devout Spanish churchmen and administrators, the Filipino people became familiar with the institutions and customs and moral conceptions of the western world.

When American civil administrators came to the islands in 1900 to assume the task that had been commenced by the Army forces,

they found not only the beginnings of an American school system, with soldiers in the role of teachers. They found a people that was prepared to benefit by the privileges and advantages that were to be offered to them under the American system of government. They found a quality akin to their own. For here was a people that already had revolted against oppressive rule and attempted to set up an independent republic. The events that preceded the truce of Biac-na-bato help to explain the remarkable early success of the American experiment with democracy in these islands beyond the distant seas.

While to many persons the odds seemed to be heavily against success of the venture, it was almost inevitable that a people nurtured as the American people were in the political philosophy that had produced the Declaration of Independence, with its emphasis on freedom and equality, and had evolved the American Constitution based on the presumed right and capacity of the common people to govern themselves—it was inevitable that such a people should seek to implant these doctrines and principles of government in the new territory that had been committed to their control. For democracy as conceived and expressed in these great documents, and as the American people had received it from their fathers, was something more than a method of government. It was a passionate political faith. It was a faith in the natural capacities and inherent possibilities of the common man, in his essential worth and dignity. In the scheme of democracy, as in the code of Christianity, all men were on a common level of dignity and importance. In this sense as stated by a great political philosopher of my own state, Christianity and democracy were twin-born. They provide for the common men, without distinction of race or clime, a way of salvation from forces of oppression and greed and selfishness.

Having found democracy good for herself, America believed it was good for the people of the Philippines. With a faith and passion like that which enabled their Spanish predecessors to establish throughout the land the practice of the Christian religion, the early American administrators and their devoted coworkers in the field of education undertook to educate and train the people of these islands in the principles and technique of self-government, taking for their keynote and guide the memorable instructions issued by President McKinley in April, 1900.

EDUCATION

If with their simple and sincere faith in the principles by which they had won their own independence and founded their governments, the American people failed to realize fully the nature and difficulty of the mission they were undertaking, they understood clearly that for its successful practice and permanent enjoyment, democratic government required an educated and informed citizenry. This understanding and conviction were as strong as they had been one hundred years earlier, when the framers of the great Ordinance of 1787 enacted for the government of the so-called northwest territory, stated that "religion, morality, and knowledge being essential to good government and the happiness of mankind, schools and the means of education shall forever be encouraged."

In similar vein, President McKinley directed that the Commission "should regard as of *first importance* the extension of a system of primary education which shall be free to all, and which shall tend to fit the people for the duties of citizenship and for the ordinary avocations of a civilized community." In its first proclamation to the people of the Philippines in 1899 the First Philippine Commission declared the establishment of elementary schools and appropriate facilities for higher education to be of cardinal importance in the American program for the islands.

No people ever accepted the blessings of education with more enthusiasm than the Filipinos. Like the Americans, they saw that the road to self-government lies through the schoolhouse. The United States Army began the establishment of modern schools in 1898, and within a year more than 4,500 primary pupils were enrolled in Manila alone. The foundations for the permanent educational system of the country were laid by the Philippine Commission in January, 1901. One of its first acts provided for the appointment of more than 1,000 American teachers. Some of the members of this original group of educational pioneers are still in the Philippines. The splendid and devoted work of these and thousands of others who followed them has been a credit to their country and of immeasurable value to the Filipino people.

Although a system of primary public schools was provided for by royal Spanish decree in 1863, few Filipino children were being educated at public expense at the end of the Spanish régime. Today about two-thirds of all Filipino children of primary school age (7 to 10) are enrolled in the first four grades of the public schools. Total public school enrollment in March, 1935, was 1,204,485 pupils. They are taught in 7,680 schools, staffed by 27,120 teachers and administrators. In 1934 total expenditure for public education amounted to nearly ₱23,000,000.* This included more than 20 percent of the total expenditures of the central government for all purposes.

Although the burden of popular education in the Philippines, as elsewhere, has been borne mainly by the state, 97,500 pupils are enrolled in private educational institutions recognized by the Philippine Government and operated under Government supervision. Those that meet certain definite standards are accredited by the state and are articulated with the public educational system. Among these are the oldest and some of the best institutions of learning in the Philippines.

No agency of the state has been more effective than the public schools in the creation of a strong consciousness of Philippine nationality and the development of a sense of civic responsibility. The English language is now spoken in every barrio in the Archipelago by people of all ranks of life. The schools have been an important factor and effective instrument in the improvement of the health of the people. The offices of the Government and of private business have been almost completely staffed with competent Filipinos trained in the public schools. The standards of efficiency in agriculture, commerce and industry have been raised and the wealth of the country increased by the efforts of vocationally trained citizens. Professional and technical education has been placed upon a

* The Philippine peso (₱) equals 50 cents, U. S. currency.

high plane and our own institutions of higher learning are now supplying the country with specially trained men capable of meeting its technical and scientific needs. The Bureau of Science, the University of the Philippines and some of the older private institutions, besides providing opportunities for general and specialized high education, are making distinguished contributions to the common fund of human knowledge. Through the National Research Council, founded and supported as an agency of the state, the direct aid of the Government has been placed behind scientific research.

Further expansion of the school facilities of the Philippines is primarily a financial problem. Insular appropriations for school purposes probably cannot be greatly increased during the next few years, and in the present financial condition of the provinces and municipalities no large increase in their school expenditures may be expected. Further substantial progress toward the goal of universal, free primary education apparently must depend upon and follow an increase in the taxable wealth of the country.

Within the limited financial resources of the country, however, the educational system that has been developed in the Philippines is successfully serving the fundamental needs of the Nation. The schools, colleges and universities of the country have become effective means for the intellectual development and self-expression of the people—in the extension of general culture, and in civic, vocational and professional education. The people of this country know that an educated citizenry is indispensable to the existence of a free, democratic, progressive state. I am confident that they will continue to press forward to the educational goals that were set a generation ago, and will not fail to support their schools to the limit of their resources, as an indispensable instrument in their national development. This determination has been written into the Constitution they have adopted as the supreme law of the future Philippine nation.

PUBLIC WORKS

Important as education is, however, in building the structure of strong national life, other elements were needed. Roads and transportation facilities and public works were required to develop trade and commerce, and to promote understanding and cooperation between communities and groups. The revenues of the state have been liberally and profitably employed in this direction, bringing to isolated communities the advantages of easy communication and the conveniences of modern civilization.

When the Americans came, nothing remained of the old Spanish road system but 990 miles of right-of-way, impassable in the rainy season, and available for travel in the dry season only to a very limited extent.

Today the Philippines has 9,057.6 kilometers of first-class roads, 4,831.1 kilometers of second class, 2,009.4 kilometers of trails, or a total of 20,826 kilometers (12,912.12 miles) of roads and trails representing an investment of ₱240,000,000.

There were 2,600 bridges and culverts in existence when civil government under American sovereignty was started; 5,500 others have been added at an expenditure of ₱25,000,000, including such notable bridges as the Gilbert Bridge at Laoag, the Quirino Bridge

spanning the Abra, the Plaridel Bridge in Pangasinan, and the General Luna Bridge at Cabanatuan.

With the advent of the American régime, there was inaugurated the construction of schools, hospitals, municipal buildings, and provincial capitols. In Manila we have the Legislative Building, Post Office, Executive Building, Philippine General Hospital, Bureau of Science, College of Medicine, Insular Psychopathic Hospital, Philippine Normal School and dormitory, Pandacan Research Library, Ice Plant, and University of the Philippines. In the provinces the fine capitol buildings of Ilocos Sur, Ilocos Norte, Pangasinan, Batangas, Tayabas, Leyte, and Occidental Negros are worthy of special mention. From the beginning of the American régime to date ₱98,891,285 have been spent in the construction of public buildings.

During the Spanish régime the only important water supply system was the Carriedo System, now part of the Manila Metropolitan Water System. In the old days water for domestic use was secured by means of jars, buckets and tin cans from shallow wells, springs, rivers, and lakes, and from impounded rainwater from roofs.

Up to 1911 the American Army had completed 13 water systems, which later were improved and are now furnishing water to the towns where the systems are located. Excluding the Metropolitan Water System of Manila, there have been completed up to December 31, 1934, 288 municipal and provincial water supply systems, 19 extensions and 10 improvements, furnishing potable water to a population of 1,008,918, at a cost of ₱12,184,106.50. The most important systems constructed are:

1. Metropolitan Water System of Manila, including filtration plant.
2. The Vigan (Singson) Waterworks, Ilocos Sur.
3. Ilocos Norte Metropolitan Waterworks.
4. Camarines Sur Metropolitan Waterworks.
5. Zamboanga Waterworks.
6. Cebu Metropolitan Waterworks.
7. Iloilo Metropolitan Waterworks.
8. Lucena-Pagbilao Waterworks in Tayabas.

Prior to 1898 and up to the early part of 1904, no artesian wells had been constructed in the Philippines. The first was drilled by the Bureau of Public Works at Engineer Island in December, 1904. From then until September 30, 1935, 2,390 successful artesian wells have been drilled in towns, barrios, and sitios throughout the Islands, at a total cost of ₱5,611,315.44, supplying approximately 3,000,000 people with pure water.

Irrigation was known in the Philippines even prior to 1521 as evidenced by the wonderful rice terraces of Northern Luzon. Under the initiative of Spanish priests 27,700 hectares of rice land were placed under irrigation at an estimated cost of ₱6,000,000. To this the American régime has added irrigating systems for 83,200 hectares at a cost of ₱18,647,000. To these must be added private systems built during the past 25 years irrigating 604,000 additional hectares, and bringing the grand total of irrigated land up to 715,000 hectares, a great advance over the Spanish régime.

Of the port works in use today, only the old river walls and a very short part of the north breakwater at Manila were built prior

to 1898. During the past 35 years ₱75,000,000 have been devoted to construction and improvement at nearly 100 ports throughout the Islands, ranging from the breakwater, sheltered harbor, and modern piers at Manila to simple landings for small coasters at isolated towns.

There is reflected in all this an earnestness of purpose in the American stewardship, and a capacity on the part of the Filipino people to build and enjoy better things. The Filipino people can continue to have them only if the tax burden is levied equitably, paid cheerfully, and spent wisely for the good of the people as a whole.

INTERISLAND SHIPPING

Before American occupation there was very little interisland shipping. Seven days after the fall of Manila the Manila Customhouse was established. It was apparent that there should be a larger number of ships in the coastwise service, to strengthen the newly established civil government and better conditions for farmers in all sections of the Islands. In March, 1902, 196 ports were opened to interisland traffic. There being no Government funds available for subsidies, and few capitalists and merchants willing to invest in shipping, Act 520 was passed in November, 1902, throwing open coastwise trade to foreign vessels without restriction until July, 1904. A growing tendency toward nationalization of the coastwise shipping industry culminated in Act 3084 passed in March, 1923, which provides that only vessels of domestic ownership may engage in the coastwise trade. Foreign firms which had engaged in the trade before 1904 were allowed to continue, but were prohibited from adding any new ships.

Prior to December, 1927, interisland service was mediocre. Fixed schedules were not maintained and the service was uncertain and unsatisfactory. With the passage of Act No. 3418 the jurisdiction of the Public Utility Commission over routes was withdrawn. This led to free competition, acceleration of service, and the entry of new ships into the field. The commerce of the Islands has steadily increased from about ₱68,000,000 in 1899 to over ₱350,000,000 in 1934. Goods amounting to such a sum must be moved expeditiously.

An important factor in the development of this commerce has been the steady improvement of ports. Beginning with the construction of sea walls and small wooden docks in Manila, Iloilo, and Cebu, a program of port works has received generous support from the Government. The result has been that all the important sea ports from Aparri to Sulu have been improved, with Manila the outstanding example of what can be done in this line.

Between 1916 and 1926 there were many losses due to shipwrecks, etc. An annual inspection by the Bureau of Customs was instituted, improving the seaworthiness of the ships. The development of the interisland shipping to its present level of efficiency is a notable and vital achievement for a people largely dependent upon the sea for their channels of trade.

The most populous sections of the Philippines, Central Luzon and Cebu, have been given the advantage of efficient railroad facilities for a number of years, and commercial automobile traffic has closely followed the improvement in highways.

AVIATION MAKES AUSPICIOUS START

Very recently the first chapters of Philippine aviation history have been written. Private enterprise has pioneered and has demonstrated the practicability of air communication. A country of more than 7,000 islands offers a great field for this most modern development in transportation, and the past several years have shown results which hold great promise for the future.

Thousands of miles have been flown commercially, on regular schedules, north to Baguio, and south to Iloilo and Cebu, and only the other day regular service was extended to Davao in Mindanao.

At present there are some 40 landing fields throughout the islands, 20 of which have been constructed by the Philippine government. This work is progressing as rapidly as possible so that within a year every town of the Philippines will be within a day's trip from Manila. Great credit is due to the Air Corps of the United States Army and in particular to the enthusiastic interest and support of Major General Frank Parker for the recent acquisition and construction of landing fields at stategic points. In addition, the Air Corps has made exhaustive surveys and has drawn up plans for a system of air routes covering the entire Archipelago.

Within a few days we shall hail the first trans-Pacific flight by the Pan-American Airways, which will mark the beginning of a new epoch of travel and communication between the Philippines and the rest of the world.

PHILIPPINE CONSTABULARY

In recent months reforms have been inaugurated in the Philippine Constabulary, bringing the organization to a high state of efficiency. With the cooperation of the Legislature, which appropriated the necessary funds, the force has been increased from 400 officers and 5,047 men to its present strength of 549 officers and 8,512 enlisted men. Two signal companies, two chemical warfare companies, and one howitzer company have been organized. Twelve machine guns and several Thompson submachine guns have been acquired. At the same time it has been put upon a solid basis of promotions and rewards on merit only. The Filipino people and their American sponsors have every reason to feel pride and confidence in the Philippine Constabulary as it exists today. It is not an arm of war, but an agency of law and order and our goal during the past two years and a half has been to make it a unit reasonably adequate to the needs of peace in the Islands. This, I am firmly convinced, has been achieved and my only injunction in this connection is that this goal be kept clearly and steadfastly in mind.

ECONOMIC DEVELOPMENT

Economic progress in the Philippines has justified the hopes of those who set out thirty-five years ago to train a people for nationhood on the principles enunciated by the farseeing revolutionaries of 1776. Building on a foundation of enlightened altruism, America has consummated an achievement without parallel in the annals of colonial administration.

The early American Government found the Philippines with a meager and inadequate economy. The total of foreign trade was less than ₱100,000,000 a year. Imports exceeded exports and the balance of trade, both visible and invisible, was seriously against the Islands. Internal trade was seriously restricted and Philippine economy was essentially that of the village. The country was almost wholly agricultural. Industrial development and improvement were negligible. Even in the field of agriculture, the necessity of importing a considerable fraction of the principal item of diet, consisting of rice, attested the inadequacy of the national economy. It is estimated that probably less than 5 percent of the land area was under any form of cultivation.

By successive steps the Government proceeded to build a larger and surer economy and obtain a wider distribution of the growing wealth. In 1902 a discount of 25 percent from the regular United States tariff rates was granted. In 1909 free trade was set up with mild restrictions. In 1913 unlimited free trade was established. In the years that followed, American import duties on foreign goods competing with Philippine goods were successively raised.

Today at the end of thirty-five years of economic growth, the foreign trade of the Philippines is running approximately ₱400,000,000 annually—more than fourfold as compared with trade in 1901. Even the invisible items of trade have turned in favor of the islands. Trade with America has acquired so favorable a position that it has offset for many years with a favorable balance the negative balances with all Oriental and most European countries with which the Philippines trade.

The population has more than doubled. Land under cultivation has increased nearly threefold. The rice problem has been solved, and during the past few years the Islands have been all but self-sufficient in cereal requirements. Should necessity arise, the cattle-raising industry has made it possible to supply all of our meat. The production of abaca and tobacco has more than doubled. Corn has increased fourfold, rice fivefold, lumber and forest products sixfold, sugar sixfold. Copra production has increased ninefold, and mineral production has risen from a negligible position to one that is commanding the respect of the world.

Formerly all our products left our shores in raw state, or as nearly so as conditions of transport allowed. Today nearly half our copra is converted into oil; practically all our sugar is carried to 96 degrees or more; our tobacco goes forth as cigars; and a respectable fraction of our abaca leaves as rope. The sound first steps of industrial development have been taken in the form of maximum elaboration of our agricultural products.

This economic advance has not been made on the basis of exploitation. A share of the profit has been passed all the way down the line, resulting in the highest labor wage in the Orient. Philippine labor has been preserved, guided and trained to a degree of competence of which we are proud. The public domain has not been exploited. Large estate grants—a sore spot in other days—have not been tolerated. The natural inheritance of the Filipino as the owner of his fatherland has not been violated. The Filipino has been encouraged to enter the professions. No door has been closed, no reasonable want has been denied him.

But what does it signify, this gaining of a better economy, if the chief aim of government is the well-being of the people generally? Is it merely crass materialism, or has it improved and enriched the life and spirit of the generality of men and women? The public benefits that have accrued from the wealth created during the last thirty-five years are too numerous to catalog fully. A few may be sketched:

1. Higher standards of diet, clothing, and housing have lifted the Filipino laborer far above the level on which he formerly lived.
2. State funds have been provided out of which railroads, highways, bridges, and ports have been brought into useful being.
3. State pay rolls make possible the highest average salary for Government employees and the largest number per capita to be found in the Orient or Tropics.
4. Private capital is available for investment in sugar mills, oil mills, store and offices, land and houses; capital that has been used to modernize the old industries and create new ones.
5. Less tangible but equally important, are the acquirement of better health, wider education, and higher scientific and artistic culture, and all the chain of advancing social standards, which come with an expanding and diffused economy.

GOVERNMENT-CONTROLLED COMPANIES GAIN

All government-owned companies showed decided gains during the past two years with the exception of the Manila Railroad Co., which has suffered loss due to optional currency clauses in its 4-percent Southern Lines bonds and the reduction of freight volume. The Manila Hotel Co. showed a net profit of ₱122,652.89 for the year 1934 as against a nominal profit of only ₱500.19 for the preceding year. The Cebu Portland Cement Co. continued its profitable operation with a net profit of ₱432,510.68 as compared with ₱268,483.73 for the year 1933.

The Philippine National Bank had a profit of ₱3,931,266.90 as compared with ₱3,153,759.21 in 1933. This favorable showing has been continued in 1935, the first nine months of which show a profit of ₱3,060,244.07. These profits include recoveries of charged-off items, and have been accomplished despite the lowering of interest rates on all classes of paper.

The profits of the Philippine National Bank are not the true measure of its service to the people of these Islands. It provides service in many ways. As a depository of the Government it serves the country as a whole. The facilities of the Bank have been extended to the remote districts and at all of these places it provides facilities for a safe depository for funds, for exchanging checks for cash, for sending drafts for collection, and extending loans to small farmers and merchants.

PUBLIC HEALTH AND WELFARE

The Philippines has led during the American occupation all other oriental countries in progress made in health and welfare. Epidemics are controlled; pandemics are definitely of the past; commerce is no longer impeded by quarantine and other restrictions

necessary to prevent the spread of disease; new measures have been inaugurated by the Government to improve the living conditions of the poor and to protect those economically distressed from the ravages of disease.

As a typical example, I refer particularly to the construction during the past two years of a modern water-filtration plant for the City of Manila. It is significant of the progress which had been made that Manila, a tropical city, is thus provided with a water supply which is not excelled in purity by that of any other city in the world. The prevalence of water-borne diseases in the City of Manila has already been reduced and there is no doubt that the pure water now available for the inhabitants of Manila will be an important factor in the continued improvement in the public health of the city.

Today the Insular Government operates 80 hospitals having 4,402 beds, and more than 1,000 dispensaries. During the past two years special attention has been devoted to the care of the insane and the mentally defective. Government facilities for the institutional treatment of insane patients have been doubled and many of the unfortunates who formerly wandered at large or were confined in jails now receive proper care. During the past year we have revised the standard of care of the insane and perfected our administrative methods to conform to the best practices in this field. Also, during the past year we have set up a school for mentally defective children at Welfareville where they can be trained, guided, and given the opportunity to become useful citizens.

Within the last two years we have developed a new approach to health and social work in the Philippines. The modern conception of government supervision of all matters relating to the welfare of the public has been put into actual practice, and the Philippine Government has assumed full and complete responsibility for the relief of public distress due to any cause, whether it be social maladjustment, economic conditions, disaster or sickness.

The problem of providing medical care for the people of the barrios and the congested districts of the cities and towns is being met by a public health nursing service which is being extended to the more remote communities. Only within the last year we have placed 250 additional nurses in this work. Traveling clinics, which are in fact mobile hospitals, are now being employed to reach the isolated villages of the Mountain Province.

In the overcrowded areas and slum districts of Manila and the larger towns we have established social services for the poor, the distressed, and the underprivileged. Greatly increased protection for the health and the welfare of children and the mothers of the slums has been thus provided. Methods of improving the housing of the poor have been adopted on a basis which will permit of continued progress.

Since 1933 the best the western world has to offer in public welfare service has been inaugurated here and been eagerly adopted by the Filipino people. A well grounded, long-time program of health and social services has been established. If persistently developed over a period of years it will be an important factor in the success of the Commonwealth Government. A widespread social con-

sciousness has been aroused among the officials and the people of the towns and barrios. I cannot overemphasize the importance of sustaining this social consciousness through the years to come. I trust that all of us who have been responsible will make continued efforts along these lines and will consider ourselves to be trustees charged with preserving these services and making them more and more progressive and with seeing that there is no stagnation and above all no backward movement.

The present government of the Philippine Islands may take just pride in its adoption of the humanitarian principles of government responsibility to ameliorate distress among our helpless people due to any cause, whether it be social maladjustment, economic conditions, disaster or sickness.

BUREAU OF SCIENCE

The Bureau of Science, organized in 1901 as the Bureau of Government Laboratories, and taking its present name in 1905, has been of inestimable assistance in the progress achieved here. At first concerned almost wholly in protection against disease, it did magnificent work, and for many years there has been no possibility of such major disasters as the outbreak of cholera that occurred in 1902, continuing for two years and taking the lives of nearly 100,000 people. In fact it can be said that cholera, bubonic plague, dysentery, and malaria are under control.

The Bureau is tireless in its efforts to assist in improving the general health of the people, in its researches to develop natural resources, and in its cooperation with and helpfulness toward industry.

Thanks to the Bureau, copra production has become doubly profitable through elimination of wasteful methods, and similar assistance to the sugar industry has produced additional millions. The Bureau has assisted factories making paints, varnishes, cement and other industrial products from local raw materials; it has conducted experiments in the field of ceramics; aided materially in conservation of fish and game; in development of the mineral resources of the Islands; in improvement of crops, forestry and tropical plants, and in general has made a place for itself in the very heart and marrow of the economic life of the people.

The Bureau is a research institute of extreme value. Its international reputation is deserved and it is one of the greatest legacies that the new Philippine Commonwealth will inherit from the American régime.

ADMINISTRATION OF JUSTICE

In the administration of justice, there are outstanding milestones erected by the joint efforts of Americans and Filipinos, that reflect the genius of American institutions and the capacity of the Filipino people to absorb and apply democratic principles of government.

Before the galleons of Magellan touched these shores, the native laws were mostly based on usages and ancestral customs. The penalties for violations of penal laws were severe and cruel.

Spain did much to modernize the administration of justice in the Islands. The Spanish Penal Code was implanted here. A Supreme Court, courts of first instance in the provinces, and justice-of-the-peace courts in the municipalities were established. Individual liberty, however, was hemmed in by a multitude of restrictions which resulted in many injustices, especially to the common people.

One of the first acts of American rule was the organization of a judicial system, and in the Philippine Bill of 1902, Congress implanted in these Islands the same guaranties of constitutional and individual liberty that are found in the United States Constitution with the exception of the right to keep and bear arms and the system of trial by jury. A reorganization of the courts was effected and orderly procedure was provided for the trial of cases. In all criminal prosecutions, a speedy and public trial was guaranteed to the accused; his right to bail, to compulsory process of obtaining witnesses in his favor, to be assisted by counsel, and not to be compelled to be a witness against himself, were expressly recognized.

Today, we have a modern system of courts and judicial procedure. Conscientious efforts have been exerted during the last thirty-five years to guarantee to the people of these Islands a fair and impartial administration of justice. In line with this policy, there has been introduced recently a far-reaching innovation in the selection of judges. I refer to the organization of the Judicial Council, which has been functioning satisfactorily. Properly guided and directed, this Judicial Council should insure to the people of these Islands the appointment of competent judges selected primarily on merit.

In the field of penology, there have been introduced changes intended to aid the accused and to ameliorate the condition of those convicted by the courts of justice. I refer to the law providing for public defenders, the Indeterminate Sentence Law and the law creating the probation office which is now being organized.

Since the Indeterminate Sentence Law went into effect in January, 1934, there has been marked improvement in the behavior and morale of prisoners. During the twenty-two months of its effectiveness, 645 prisoners have been given parole. Of these only three have violated their parole. The probation system, which will soon be in operation, will complement the Indeterminate Sentence Law. We have every reason to expect that these two institutions will be found eminently suited to the social conditions of these Islands, because the spiritual side of the Filipino character is especially receptive to the benign idea of reform.

CULTURAL DESTINIES

The cultural prospects of the Filipino people are full of promise. The racial and cultural differences of the Philippine population have been unduly exaggerated. Evidence is strong that there is building up in these Islands a true general Philippine culture around which future development will revolve. A blending of diverse elements in the population has been going on continuously for 2,000 years, and has been especially rapid during the Spanish and American periods due to the greater peace and order and freer communication.

The increasing homogeneity in the population is not a mere altruistic hope. There is strong scientific basis for holding that seem-

ingly discordant and nonfusable elements not only can be but are *being* fused. From the time of Dr. José Rizal down to the present the opinion has been held by many American and Filipino authorities that among the non-Christian population are elements that constitute a strong asset for the future Philippines.

The pagan, Moro, and other non-Christian peoples possess essentially the same racial traits and innate psychology as the majority of the inhabitants of the Christian provinces. Investigations of Professor Beyer and others show that the Filipino-blend type is developing steadily in all parts of the Islands—regardless of linguistic, religious, and cultural differences. Such studies forecast the steady growth of an harmonious and blended Filipino race that will one day be characteristic throughout the Islands.

On the cultural side, there will be need for much patient and tolerant consideration in dealing with the pagan and non-Christian groups. A policy of gradual education and improvement of economic conditions, however, will eventually bring about cultural amalgamation—and develop a strong and unified Philippine population.

GOVERNMENTAL FINANCE

This gratifying and remarkable expansion in the natural economy is reflected also in the parallel story of governmental finances. Let us look at a few figures. Excluding bond issues, the total revenues in all funds of the central government in 1901 amounted to ₱21,532,490. They rose to a high peak of ₱92,783,173.70 in the boom year of 1929. In the last fiscal year (1934) they totaled ₱78,674,751.33.

Provincial revenues increased during the same period from ₱2,410,437.16 to ₱24,385,978.07 in 1934, reaching an all-time high of ₱30,889,071.38 in 1930.

In municipal and city governments, revenues increased from ₱10,059,546.58 in 1906 to ₱36,509,794.48 in 1934, with a high figure in 1929 of ₱44,881,945.92.

With the two chartered cities included, total public revenues in the Islands grew from ₱48,772,193.21 in 1910 to ₱119,792,900.38 in 1934.

These large levies on the public and their industries have in large measure been returned to them or preserved in the form of increasing public services and valuable fixed properties owned by the government. The permanent investments of the central government alone in real property and equipment and other forms, have a cost value of ₱267,800,493.23 as of December 31, 1934.

Interesting as they are, these matters are perhaps of less immediate importance and concern to us at the present moment than the current financial condition of the government. In all funds of the central government on December 31, 1934, there was a surplus of more than seventy-five million pesos (₱75,179,189.42), as compared with less than nine and one-half million pesos (₱9,331,582.85) on June 30, 1901. In the general fund alone there was a current surplus of approximately thirty-seven million pesos (₱36,900,492.19) on December 31, 1934. Of this amount a substantial portion was cash in the governmental depositories. The excess of cash over recorded obligations and liabilities was almost seventeen million pesos (₱16,881,497.41) as of December 31, 1934. In addition to this approxi-

mately ₱30,000,000 awaits clearance in Washington and will soon be paid into the Philippine treasury from excise taxes levied and collected on coconut oil under a recent Act of Congress, which will leave our general fund in the strongest position of our history.

The bonded debt of the central government and its subdivisions is not excessive. At the end of 1934 it stood at slightly more than one hundred and sixty million pesos (₱160,364,700), but with sinking funds totaling more than sixty millions (₱60,895,286.55), the net bonded indebtedness is slightly less than one hundred million pesos (₱99,469,413.45). The Manila Railroad Co., whose stock is wholly owned by the Government, also has a net bonded debt after sinking fund of ₱48,856,424.14. Interest on bonds of the Philippine Railway Co., amounting to ₱17,098,000, is guaranteed by the central government until July, 1937.

Philippine public finances are sound. In some respects they might well excite the envy of many of the large nations of the world today. In the central government for the past two and three-quarter years, expenditures from all funds have been considerably less than the current revenues accruing to those funds. Our budget is balanced in fact as well as in form.

The surplus of the central government should be jealously guarded. It may be difficult to borrow externally at advantageous rates of interest. Lack of large local capital accumulations limits the possibilities of internal loans. While the governmental bonded debt is not excessive and is being properly serviced, major financial problems exist in the bonded indebtedness of our railroads, and in the pension funds of the government wherein liabilities are steadily accruing without adequate provision to meet them. These pension funds at present are not actuarily sound and a government policy for their rehabilitation should be instituted without delay. Several provinces are financially weak. Ordinary and recurring normal expenditures for the national defense will tax government resources severely. Continuing demands may be expected for concessions to delinquent taxpayers, and the prospects of increasing revenues are not favorable without extreme measures that might curtail business and investment activities.

It would seem wise, therefore, to keep the present surplus intact as the proper reserve for a government of the position and size of the Philippine Government. Extraordinary and nonrecurring accretions should be recognized and treated as windfalls that will not be repeated. Let us look well to cut within our financial cloth. In our present economy and environment, the safe course for this Government is to keep its budget in balance and its current expenditures within current income. Without a sound financial position and a program of sound public finance, the most essential and fundamental functions of government are handicapped and may be completely paralyzed. No governmental activity comes ahead of an orderly financial program.

In closing this subject I should like to repeat the exhortation contained in my first address to the Philippine people:

> The first duty of such a government (this Government), in order of statement if not of importance, is to conduct its own business on a sound and orderly basis, efficiently and economically, giving a peso in actual service for every peso of income. It must carefully budget its expenditures so that they will

not exceed its revenue or dissipate the public resources in unnecessary services or activities. For the time being we must have recourse to uncompromising economy in spending. The public debt also must be kept within proper and conservative limits. This result will be assured by the preparation of a careful program and strict and rigid adherence to it by all the departments of the Government. A budget is valuable only if, and when, expenditures are kept within it. Together we will make a stubborn stand against the unwholesome practice of allowing deficits to creep into our balance sheets.

The present sound and satisfactory state of governmental finances, with budgets balanced and substantial reserves at hand, is clear indication that an honest effort has been made to practice what we have preached.

POLITICAL PROGRESS

With the development we have been tracing in the fields of economics and finance, communication and education, science and hygiene, political development has kept pace. The Philippine public gradually attained an understanding of the theory and processes of popular government, and acquired experience in its practice. This was according to the plans conceived and formulated by the first American administrators. Small beginnings had been made in Spanish times, with a limited right of suffrage and the privilege of electing municipal and barrio officials. Municipalities became autonomous in 1901. Provincial boards came under popular control in 1905. Two years later the first national legislative assembly was inaugurated. Filipinos were taking rapidly to the ways and methods of American democracy.

The next step was the Jones Act in 1916, under which we have operated until today. Within the short space of sixteen years, the Filipino people had qualified themselves to the satisfaction of the American Congress for exclusive control of the legislative branch of their government. In large measure they had justified the great American faith in the inherent capacity of people to govern themselves, given equal advantages of education and training. The administration of justice also was gradually placed in the hands of the Filipinos. Although the executive branch until now has been under American direction and control, actual administration during recent years has been largely in Philippine hands. The recent extension of equal suffrage to women was a notable contribution by the Philippine Legislature to democratic progress.

In this steady advance in the art of democratic and constitutional government toward the ultimate goal of complete independence, the crowning event has been the framing and adoption by the Philippine people, under the terms of the Tydings-McDuffie Act, of a permanent constitution for their Government. This admirable document, with its guaranties of representative government and freedom for the individual citizen, is eloquent proof of the success of our policies and the soundness of our political faith.

Under the stipulation of the Tydings-McDuffie Act, by voting the adoption of this Constitution, the Filipino people themselves definitely and freely decided the matter of independence. This Act was fundamentally a product of the political idealism and unselfishness of the American people. It was the generous act of a generous people. If some adjustments should appear desirable to alleviate unnecessary hardships, we may be confident that the American Con-

gress will not refuse to consider them. With full warning, however, and understanding of the inconvenience and risk and hardship that may be entailed by their separation from the United States, the Filipino people have definitely and gladly assumed the conditions and responsibilities and have adhered to the course that leads ultimately to full sovereignty and independence.

America has kept faith with her political principles and has been true to her origins. Putting aside considerations of empire and self-interest, with deep understanding of the strong yearning of a people for political freedom, acknowledging the right of a people to self-determination when supported by demonstrated understanding of constitutional self-government and evidence of capacity to sustain it, the United States has accepted the decision that has been made here, and is prepared to surrender its trusteeship. In good time this will be done.

Material progress is dearly bought and of little worth when obtained at the price of exploitation and suppression of a people's patrimony and liberty and their individual initiative. The record of America cannot be told merely in terms of public revenues and economic production. Things more precious in the life of a people are the preservation of racial integrity and culture, the enlargement of human liberty, the cultivation of a spirit of adventure and initiative. These priceless qualities, so essential in the building of a nation, have been permitted to grow and flourish by the liberal and farseeing policies that have guided the administration of Philippine affairs by American authorities. With these elements of character and mutual toleration of differences in religious faith, aided by a favorable geographical grouping and freedom from deep racial conflicts, the Philippines, under wise and patient and just leadership, may become a strong and united nation.

So we have come to this present hour. Through the idealistic policies of her statesmen, McKinley, Root and Taft, and Wilson and Roosevelt, supplemented by the conscientious and devoted service of her representatives in these Islands, and the strong friendship and sympathy of Franklin D. Roosevelt, the political faith of America has flowered and is nearing fruition. Free education, constitutional principles, freedom of conscience and opinion, material progress, economic development, stable finances, responsible government—these essentials of a sound and enduring democracy have been established in the land.

A splendid chapter in Philippine history, in which this body under able leaders has played a distinguished part, is now coming to a close. With a large and growing population, expanding industry and agriculture, easy communication and increasing wealth, a government financially stable and sound, an enlightened press, and an informed and patriotic citizenry, the sinews of statehood and the elements of a strong national life have been provided. We place in the hands of our successors a rich estate, a high trust, and a glorious privilege to preserve and administer this Government that we have built together upon the faith and confidence of the American people.

Another chapter remains to be written before the record is complete, and the mission accomplished. To assure its success a further period of adjustment has been provided, under the protection and guidance of United States authority. Retaining full rights of sov-

ereignty, with appropriate functions and authority vested in the President and other agencies for the protection of its legitimate interests under the Independence Act, the United States Government is now entrusting direct management of domestic affairs to the newly elected representatives of the Philippine people—the President and members of the National Assembly.

Their success and the success of the Commonwealth will rest not upon the fine hopes and enthusiasm of this moment. It will require deep and abiding loyalty to the principles of sound finance and social justice, freedom from measures that are selfish and oppressive, steadfast devotion to the ideals and principles of democracy. The personal aspect of government must be minimized. All officials should be humble before the majesty of the law. Above personal success and personal loyalty, the good citizen and true patriot will place the supremacy of the law, duty to the State, and devotion to the public good and welfare.

This great and happy venture of the American and Filipino people is not yet ended. With an altered framework and broader autonomy, the Philippine Government goes on under the American flag, with the full confidence and support of the people and Government of the United States. As in all good books of high adventure and romance, we close this chapter anticipating the next, confident that the Divine Author will bring the story to a fair ending in accordance with the faith and high purpose of its beginning.

FRANK MURPHY,
Governor-General.

THE PHILIPPINE LEGISLATURE,
Manila, P. I.

THE COMMONWEALTH OF THE PHILIPPINES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION*

WHEREAS pursuant to the provisions of the act of Congress entitled "An Act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes", approved March 24, 1934 (48 Stat. 456), and in accordance with the Constitution of the Commonwealth of the Philippines heretofore adopted and ratified by the people of the Philippine Islands, an election was held in the Philippine Islands on September 17, 1935, for the purpose of electing officers of the government of the Commonwealth of the Philippines; and

WHEREAS the Governor General of the Philippine Islands has certified to me as President of the United States of America the result of the said election:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, under and by virtue of the authority vested in me by the aforesaid Act and in conformity with section 4 thereof, do announce and proclaim that at the election so held in the Philippine Islands on September 17, 1935, officers of

*Read by Governor General Murphy at the inaugural ceremonies on Nov. 15.

the government of the Commonwealth of the Philippines were duly elected as follows:

PRESIDENT: Manuel L. Quezon of Baler, Tayabas.
VICE PRESIDENT: Sergio Osmena of Cebu, Cebu.
MEMBERS OF THE NATIONAL ASSEMBLY:

Abra, Quintin Paredes.
Agusan, Apolonio D. Curato.
Albay, 1st District, Jose Bonto.
2nd District, Justino Nuyda.
3rd District, Pedro Sabido.
4th District, Pedro Vera.
Antique, Calixto O. Zaldivar.
Bataan, Teodoro Camacho.
Batanes, Vicente Agan.
Batangas, 1st District, Natalio Lopez.
2nd District, Eusebio Orense.
3rd District, Maximo Kalaw.
Bohol, 1st District, Juan Torralba.
2nd District, Olegario B. Clarin.
3rd District, Margarito E. Revilles.
Bukidnon, Manuel Fortich.
Bulacan, 1st District, Nicolas Buendia.
2nd District, Antonio Villarama.
Cagayan, 1st District, Marcelo Adduru.
2nd District, Regino Veridiano.
Camarines Norte, Cayetano Lukban.
Camarines Sur, 1st District, Francisco Celebrado.
2nd District, Luis N. de Leon.
Capiz, 1st District, Manuel Roxas.
2nd District, Jose A. Dorado.
3rd District, Rafael Tumbokon.
Cavite, Justiniano S. Montano.
Cebu, 1st District, Celestino Rodriguez.
2nd District, Hilario Abellana.
3rd District, Agustin Y. Kintanar.
4th District, Vicente Rama.
5th District, Miguel Cuenco.
6th District, Nicolas Rafols.
7th District, Buenaventura Rodriguez.
Cotabato, Datu Sinsuat.
Davao, Romualdo Quimpo.
Ilocos Norte, 1st District, Vicente T. Lazo.
2nd District, Julio Nalundasan.
Ilocos Sur, 1st District, Benito Soliven.
2nd District, Sixto Brillantes.
Iloilo, 1st District, Jose C. Zulueta.
2nd District, Ruperto Montinola.
3rd District, Tomas Confesor.
4th District, Tomas Buenaflor.
5th District, Victorino Salcedo.
Isabela, Mauro Versosa.
Laguna, 1st District, Tomas Dizon.
2nd District, Arsenio Bonifacio.

Lanao, Tomas Cabili.
La Union, 1st District, Camilo Osias.
2nd District, Agaton R. Yaranon.
Leyte, 1st District, Jose Ma. Veloso.
2nd District, Dominador M. Tan.
3rd District, Tomas Oppus.
4th District, Francisco Enage.
5th District, Ruperto Kapunan.
Manila, 1st District, Gregorio Perfecto.
2nd District, Pedro Gil.
Marinduque, Cecilio A. Maneja.
Masbate, Pio V. Corpus.
Mindoro, Juan L. Luna.
Misamis Occidental, Jose Ozamis.
Misamis Oriental, Leon Borromeo.
Mountain Province, 1st District, Saturnino Moldero.
2nd District, Felipe Jose.
3rd District, George K. Tait.
Negros Occidental, 1st District, Enrique Magalona.
2nd District, Pedro C. Hernaez.
3rd District, Gil M. Montilla.
Negros Oriental, 1st District, Guillermo Z. Villanueva.
2nd District, Jose E. Romero.
Nueva Ecija, 1st District, Manuel Alzate.
2nd District, Felipe Buencamino, Jr.
Nueva Vizcaya, Bernardo Buenafe.
Palawan, Claudio Sandoval.
Pampanga, 1st District, Eligio G. Lagman.
2nd District, Jose P. Fausto.
Pangasinan, 1st District, Anacleto B. Ramos.
2nd District, Eugenio Perez.
3rd District, Daniel Maramba.
4th District, N. T. Rupisan.
5th District, Narciso Ramos.
Rizal, 1st District, Pedro Magsalin.
2nd District, Emilio de la Paz.
Romblon, Gabriel F. Fabella.
Samar, 1st District, Antolin D. Tan.
2nd District, Serafin Marabut.
3rd District, Juan Bocar.
Sorsogon, 1st District, Norberto A. Roque.
2nd District, Tomas S. Clemente.
Sulu, Datu Ombra Amilbangsa.
Tarlac, 1st District, Jose G. Cojuangco.
2nd District, Benigno Aquino.
Tayabas, 1st District, Jose A. Angara.
2nd District, Francisco Lavides.
Zambales, Potenciano Lesaca.
Zamboanga, Juan S. Alano.

In Surigao the election resulted in a tie between Ricardo Navarro and Clementino V. Diez.

This proclamation shall be effective upon its promulgation at Manila, Philippine Islands, on November 15, 1935, by the Secretary

of War of the United States of America, who is hereby designated as my representative for that purpose.

And I do further announce and proclaim that, in accordance with the provisions of the aforesaid Act, upon such promulgation of this proclamation the existing Philippine Government shall terminate and the government of the Commonwealth of the Philippines shall enter upon its rights, privileges, powers, and duties as provided under the said Constitution of the Commonwealth of the Philippines.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this 14th day of November in the year of our Lord nineteen hundred and thirty-five, [SEAL] and of the Independence of the United States of America the one hundred and sixtieth.

FRANKLIN D. ROOSEVELT

By the President:
CORDELL HULL,
Secretary of State.

[No. 2148]

INVOCATION BY HIS GRACE, THE MOST REVEREND GABRIEL M. REYES, D. D., ARCHBISHOP OF CEBU.

To the King of Ages, immortal, invisible, the only God, be honor and glory for ever and ever. Amen.

Almighty and merciful God, who through Thy providence ruleth the destinies of peoples and nations, we thank Thee for this day so longed for by the Filipino people, dawning with bright hopes for the fulfillment of our cherished and legitimate aspirations.

Casting now, O Lord, a glance on the history of our nation, we recognize Thy guiding hands; Thou didst entrust us to the noble and Catholic Spain, who brought us the good tidings of the gospel and led us along the ways of Christian civilization; Thou didst assist us in our efforts toward the attainment of our emancipation, by timely placing us under the beneficent protection of America, for the considerate and helpful development of our means and resources.

Hence this new nation beseeches Thy blessing on her future, for we all know that "They labor in vain who build the house, unless God builds it with them."

Deign, O Lord, to bless America and Spain, and deign to complete Thy work in us.

We pray Thee, O God of Wisdom and Justice, from whom all authority comes, to assist with Thy light and power the authorities who have been elected by the will of their brethren. Confirm their authority, so that they may always enjoy a willing and loyal obedience. Assist with Thy holy spirit of counsel the President and the Vice President of our new Government, that their administration may be conducted in equity, eminently useful and constructive to the nation they preside over.

Let Thy divine wisdom enlighten the deliberations of our National Assembly, so that all may tend to the promotion of national happiness. Inspire them to labor for the spiritual and moral betterment of our people, for "of all the dispositions and habits which

lead to political prosperity, religion and morality are indispensable." Bless our industries and commerce. Preserve union and peace, liberty and equality amongst Thy beloved people.

We pray likewise for His Excellency, the High Commissioner of the United States, for all the magistrates, judges, and governors, and all other officers who are entrusted to safeguard our political welfare. To all of them, grant, O merciful God, strength and vigor, that they may be enabled to discharge with wisdom and honesty their respective duties.

Be mindful, O Lord, of Thy servants, our patriots, who have fought for our liberty and have gone before us with the sign of faith and rest in the sleep of peace. To them, O Lord, and to all our countrymen who sleep in Christ, we beseech Thee, to grant of Thy goodness a state of comfort, light, and peace. Through the same Christ our Lord. Amen.

INTRODUCTION OF THE SECRETARY OF WAR OF THE UNITED STATES BY HON. FRANK MURPHY, GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS.

Friends:

For this great and inspiring occasion, we make grateful acknowledgment to the steadfast faith of the American people and the Congress of the United States and to the encouragement and assistance of that great friend of the Philippine people, the President of the United States, Franklin Delano Roosevelt.

As further evidence of his deep interest and friendship, President Roosevelt has requested and designated another true friend of Philippine liberty to represent him on this occasion—a former Governor of one of the sovereign American States and a distinguished administrator of one of the great departments of the American Government, that Department which under his guidance has specially guarded and protected the interests of the Philippine Government and has supervised the administration of its affairs. The Philippine people and all who share official responsibility for their welfare and Government rejoice in the presence here today of Hon. George H. Dern, Secretary of War, whom I now have the honor to present to you.

ADDRESS OF THE HONORABLE GEORGE H. DERN, SECRETARY OF WAR, AT THE INAUGURATION OF THE GOVERNMENT OF THE COMMONWEALTH OF THE PHILIPPINES, AT MANILA, P. I., NOVEMBER 15, 1935.

Citizens of the Philippines:

I have the distinguished honor to come to you as the representative of the President of the United States to participate in the ceremonies of this momentous occasion. We are about to establish and put into operation the Government of the Commonwealth of the Philippines, as ordained by the Congress of the United States. This event is another landmark in your steady progress toward the fulfillment of your aspirations to be a completely independent sovereign nation—ultimately to be realized through the practical, cooperative efforts of two peoples imbued with the same ideals of liberty and self-government.

President Roosevelt asked me to say that his heart is with you on this historic day. A radiogram just received from him asks me to give the following message to the Filipino people:

> Please convey to President Quezon and the Filipino people on the occasion of the birth of the Commonwealth of the Philippines my sincere congratulations on this great forward step in the establishment of popular self-government, and express to them my confidence in their ability to carry out successfully the final steps in the accomplishment of their complete independence.
>
> FRANKLIN D. ROOSEVELT.

Thirty-seven years ago, through the fortunes of war, the Philippine Islands came under the flag of the United States. It was no premeditated aggression, and there was no thought of territorial aggrandizement.

Even before American occupation the Filipino people had started their struggle for freedom, with which Americans instinctively sympathized. What, then, was to be the attitude of the United States toward a dependency which it had so accidentally acquired? A policy of colonial expansion and exploitation was a departure from our national ideals, and therefore did not commend itself to the American people.

Our decision was soon made. Less than two years after American occupation, President McKinley's letter of instructions to the first Philippine Commission laid down these basic principles:

> In all the forms of government and administrative provisions which they are authorized to prescribe, the Commission should bear in mind that the government which they are establishing is designed not for our satisfaction, or for the expression of our theoretical views, but for the happiness, peace, and prosperity of the people of the Philippine Islands. * * *.

Later he declared:

> It is our purpose to establish in the Philippines a government suitable to the wants and conditions of the inhabitants and to prepare them for self-government and to give them self-government when they are ready for it and as rapidly as they are ready for it.

That promise was made in good faith. In order that it might be creditably carried out it implied a period of training and preparation. Greedy exploitation was repugnant to our minds. We declared that the good of the dependency—not our own good—must be the first consideration—a new idea, perhaps, in colonial administration. We harked back to the spirit of 1776, and we conceded that the Filipinos had the same rights as we claimed when we were colonists of Great Britain. The question is sometimes asked: "Why does the United States give up so valuable a territorial possession as the Philippine Islands?" The answer is that the value of the Islands to the United States does not enter into the calculation. We have proceeded in accordance with the American conception of the fundamental right of peoples to govern themselves.

Having declared this unprecedented colonial policy, there arose the practical question of how and when it should be carried out. Through no fault of their own the people of the Philippines had not been trained in the difficult art of self-government, and had never been given an opportunity to demonstrate their capacity to rule themselves. We had no means of knowing whether they had been disciplined, as Anglo-Saxons had been disciplined for centuries, to abide by the expressed will of the majority, however obnoxious

that will might be to the minority. Stable popular government is impossible without majority rule. Moreover, it was difficult for us to comprehend how popular government could be successful without popular education, which we Americans regard as the keystone of the arch of democracy. And so one of the first things we did was to send school teachers over here in large numbers, to establish a progressive educational system. And today universal education is the Philippine ideal as it is the American ideal.

Popular government was begun promptly and developed steadily. The election of municipal and provincial officials was the first step, soon to be followed by an elective lower house of the Legislature, and somewhat later by a completely elective Legislature. And now we are taking the last step.

I need not trace the history of independence legislation. The Tydings-McDuffie Act, passed in 1934, and accepted by the Philippine Legislature, is the result of an earnest effort on the part of the Congress to meet the aims and aspirations of the Filipino people, so far as was consistent with harmonizing the various interests affected thereby. Its enactment is an expression of confidence by the Congress of the United States in the capacity of the Filipino people to carry out successfully the next and final steps in the program for the establishment of an independent Filipino nation.

The prescribed transition period of ten years before complete independence becomes an accomplished fact seemed advisable and prudent in order to launch the Philippine Republic under the most favorable auspices. It provides adequate safeguards for the interests of both the American and the Filipino people. The problems that must be worked out in this period are vital, and must be given the most careful and thorough consideration.

President Roosevelt, in his message to the Congress on March 2, 1934, said:

> * * * May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves little short of a denial of independence itself. * * *

The Independence Act is a broad grant to the Filipino people of local government. The enlarged powers granted under this Act reside essentially in the people. The Commonwealth Government is being organized in accordance with the provisions of your own Constitution, which goes into effect today and which was formulated and drafted by delegates of your own selection. It is an enlightened, democratic document, and does great credit to the Filipino people. It contains a bill of rights expressing what the American people believe to be the basic principles of free government. Perhaps the greatest heritage that the United States has bequeathed to you is the bill of rights included in both the first and second organic acts of the Congress and carried over into your Constitution.

You are about to witness the inauguration of the Chief Executive whom you have elected by popular vote; and all the agencies of local government will soon be functioning under the provisions of your Constitution. Your President and Vice President, the members of your Supreme Court, and the other Island officials heretofore appointed by the President of the United States, will take office under

the provisions of your own Constitution and the laws of your own National Assembly. Thus your local affairs pass to your own control, and you have the full responsibility of citizens of the Philippines, upon whose shoulders rests the mantle of government.

I may be pardoned an expression of pride and pleasure in the privilege of witnessing an event resulting from the cooperative efforts of two peoples situated on opposite sides of the globe, but laboring together to establish ultimately a new member of the family of independent nations. There is something unique and inspiring in the spectacle of two peoples voluntarily agreeing to dissolve the bands which unite them, and to go their separate ways; and yet that is the event to which we now eagerly look forward as the final consummation of the program for Philippine independence.

It is a source of satisfaction to the American people to know that the fiscal affairs of your government are at this time, perhaps, at the best level in its history. Your finances are in excellent condition. Income for the past year exceeded expenditures. There is but a small public debt. Your governmental structure is supported by a prosperous and increasing commerce and by a thriving industry, backed by agricultural, mineral, and forest resources adequate for the maintenance of a high standard of living for all the people.

During my present visit I have been astonished by the fertility of your soil, the diversity and abundance of your crops, the wealth of your mines, the vastness of your forests, the excellence of your harbors, and, greater than all of these, the industry and virtue of your people. With such resources, and with good government, you should succeed.

With the present change in your government, the office of Governor-General is abolished. This exalted office has been filled by a long line of distinguished Americans, beginning with that illustrious statesman, William H. Taft, and ending with the able, efficient, and warm-hearted man who has served you during the past two and one-half years, the Honorable Frank Murphy. In the discharge of his duties, Governor-General Murphy has made a record of which his fellow-citizens at home are justly proud, and I know that you people of the Philippines honor and love him. I have no doubt that it is a great satisfaction to you that he now becomes the first United States High Commissioner to the Philippines, and as such he will be the representative of American sovereignty and authority in your country.

While the American record in the Philippines is not ended, it is drawing to a close. As Secretary Root on one occasion said:

> The country which exercises control over a colony is always itself on trial in the public opinion of mankind.

We hope, of course, that the world will say of us that our work here has been well done. But especially, we hope that you, the people of these Islands, may continue to look with grateful appreciation upon the day that set this beautiful land under the sovereignty of the United States, and to feel that our sojourn here has been a benediction to you. And I hope, too, that the people of the United States may forever feel a just pride and satisfaction in the monument thus built in your hearts. We shall continue to be united by the bands of comradeship and mutual good will.

I trust that the people of the United States will not forget to be grateful to the men and women who have reflected credit upon their native land by giving their talents, their energies, and their years to the service of their country and yours in this far-away territory.

I should be most unfair, people of the Philippines, if I did not point out that the main credit for the rapid evolution of your popular government is due to yourselves. You have been tried and not found wanting. You have had a passion for independence for many years, and with each new opportunity you have, in the most convincing manner, demonstrated your capacity to perform the varied and intricate tasks of government. In legislation you have shown vision, wisdom, fairness, and restraint, with a statesmanlike grasp of your problems. In administration, the Governor General gives unstinted praise to his Filipino associates for their ability and integrity. In drafting your Constitution you have shown a profound understanding of the fundamental principles of democracy, and you have produced a document remarkable for its impartial provisions in behalf of all the people. In the judiciary I wish to pay tribute to those distinguished Filipino jurists who, in cooperation with their American colleagues, have made your Supreme Court an everlasting credit to both the American and the Filipino people.

As Americans, therefore, we do not boast of what we have done here. Rather, we are gratified at having been given the rare privilege of cooperating with you in establishing a new democratic member of the family of nations in the western Pacific.

Mr. President, as generally affecting the affairs of the Filipino people, I feel that you have an exceptional opportunity to carry out the next steps of this vital program. The responsibility for the happiness and well-being of this people is entrusted to the new Government under your leadership. President Roosevelt has faith in your devotion to democratic principles and in your ability and that of your colleagues to carry the program through in a manner well calculated to serve the interests of your people. I most cordially wish you every success in the administration of your high office.

And so, citizens of the Philippines, I congratulate you with all my heart upon the consummation of your desires. May your self-rule always be characterized by that enlightened justice which alone can make you a great nation. And may you always have reason to feel that the United States is interested in your welfare and is your true friend.

Following the reading by Governor-General Murphy of the President's proclamation announcing the election of officers (for text, see p. 124), oaths of office were administered by the chief justice of the Philippine Supreme Court to the president-elect, the vice president-elect and the members-elect of the National Assembly, who are listed in the proclamation.

THE COMMONWEALTH OF THE PHILIPPINES

By the Secretary of War of the United States of America—a Proclamation

By direction of the President of the United States of America, I, GEORGE H. DERN, Secretary of War of the United States of America, do hereby promulgate the proclamation of the President of the United States of America announcing the results of the election held in the Philippines on September 17, 1935, for the purpose of electing officers of the Government of the Commonwealth of the Philippines; and I do hereby announce that the heretofore existing government of the Philippines is now terminated, and that the Government of the Commonwealth of the Philippines, in entering upon its rights, privileges, powers, and duties as provided under the constitution of the Commonwealth of the Philippines and the laws of the United States of America, is the successor to the heretofore existing Philippine Government and to all the rights and obligations thereof.

DONE at the city of Manila at 8:58 o'clock a. m. on the fifteenth day of November. in the year of our Lord one thousand nine hundred and thirty-five.

(Sgd.) George H. Dern.

Inaugural Address of His Excellency Manuel L. Quezon, President of the Philippines

(Delivered Nov. 15, 1935, at the Legislative Building, Manila, P. I.)

Fellow-Countrymen:

In the exercise of your constitutional prerogative you have elected me to the presidency of the Commonwealth. I am profoundly grateful for this new expression of your confidence, and God helping me I shall not fail you.

The event which is now taking place in our midst transcends in importance the mere induction into office of your Chief Executive. We are bringing into being a new nation. We are inaugurating its government. We are seeing the fruition of our age-old striving for liberty. We are witnessing the final stage in the fulfillment of the noblest undertaking ever attempted by any nation in its dealing with a subject people. And how well this task has been performed is attested to by the blessings which from 14 million people go to America in this solemn hour. President McKinley's cherished hope has been fulfilled—the Filipinos look back with gratitude to the day when destiny placed their land under the beneficent guidance of the people of the United States.

It is fitting that high dignitaries of the American Government should attend these ceremonies. We are thankful to them for their presence here. The President of the United States, His Excellency, Franklin D. Roosevelt, ever solicitous of our freedom and welfare, has sent to us, as his personal representative, the Secretary of War, Hon. George H. Dern, whose friendship for our people has proven most valuable in the past. Vice President Garner, Speaker Byrns,

distinguished members of the Senate with their floor leader, Senator Robinson, and no less distinguished Members of the House of Representatives have traveled 10,000 miles to witness this historic event. I feel that by their presence the whole American Nation is here today to rejoice with us in the fulfillment of America's pledge generously given that the Filipino people is to become free and independent. It is my hope that the ties of friendship and affection which bind the Philippines to America will remain unbroken and grow stronger after the severance of our political relations with her.

In behalf of the Filipino people, I express deep appreciation to Hon. Frank Murphy, our last Governor-General, for his just and efficient administration and for the valuable assistance he has rendered us in the difficult task of laying the constitutional foundations of our new Government.

As we enter upon the threshold of independent nationhood, let us pause for a moment to pay tribute to the memory of Rizal and Bonifacio, and all the heroes of our sacred cause, in deep acknowledgment of their patriotic devotion and supreme sacrifice.

Fellow countrymen: The government which we are inaugurating today is only a means to an end. It is an instrumentality placed in our hands to prepare ourselves fully for the responsibilities of complete independence. It is essential that this last step be taken with full consciousness of its significance and the great opportunities that it affords to us.

Under the Commonwealth, our life may not be one of ease and comfort, but rather of hardship and sacrifice. We shall face the problems which lie in our path, sparing neither time nor effort in solving them. We shall build a government that will be just, honest, efficient, and strong, so that the foundations of the coming Republic may be firm and enduring—a government, indeed, that must satisfy not only the passing needs of the hour but also the exacting demands of the future. We do not have to tear down the existing institutions in order to give way to a statelier structure. There will be no violent changes from the established order of things, except such as may be absolutely necessary to carry into effect the innovation contemplated by the Constitution. A new edifice shall arise, not out of the ashes of the past, but out of the standing materials of the living present.

Reverence for law as the expression of the popular will is the starting point in a democracy. The maintenance of peace and public order is the joint obligation of the government and the citizen. I have an abiding faith in the good sense of the people and in their respect for law and the constituted authority. Widespread public disorder and lawlessness may cause the downfall of constitutional government and lead to American intervention. Even after independence, if we should prove ourselves incapable of protecting life, liberty, and property of nationals and foreigners, we shall be exposed to the danger of intervention by foreign powers. No one need have any misgivings as to the attitude of the Government toward lawless individuals or subversive movements. They shall be dealt with firmly. Sufficient armed forces will be maintained at all times to quell and suppress any rebellion against the authority of this Government or the sovereignty of the United States.

There can be no progress except under the auspices of peace. Without peace and public order it will be impossible to promote education, improve the condition of the masses, protect the poor and ignorant against exploitation, and otherwise insure the enjoyment of life, liberty, and property. I appeal, therefore, to every Filipino to give the Government his loyal support so that tranquility may reign supreme in our beloved land.

Our Constitution establishes an independent judiciary by providing for security of tenure and compensation of our judges. But independence is not the only objective of a good judiciary. Equally, if not more important, is its integrity which will depend upon the judicious selection of its members. The administration of justice cannot be expected to rise higher than the moral and intellectual standards of the men who dispense it. To bulwark the fortification of an orderly and just government, it shall be my task to appoint to the bench only men of proven honesty, character, learning, and ability, so that everyone may feel when he appears before the courts of justice that he will be protected in his rights, and that no man in this country from the Chief Executive to the last citizen is above the law.

We are living today amidst the storm and stress of one of the most tragic epochs of history. Acute unemployment and economic distress threaten the stability of governments the world over. The very foundations of civilized society are shaken. The common man alone can save humanity from disaster. It is our duty to prove to him that under a republican system of government he can have every opportunity to attain his happiness and that of his family. Protection to labor, especially to working women and minors, just regulation of the relations between labor and capital in industry and agriculture, solicitous regard on the part of the government for the well-being of the masses, are the means to bring about the needed economic and social equilibrium between the component elements of society.

A government draws the breath of life from its finances, and it must balance its income and expenditures as any other going business concern if it expects to survive. It is my duty, then, to see that the Government of the Commonwealth live within its means and that it stand four-square on a well-balanced budget.

The larger expenditures which the grave responsibilities ahead of us will entail, including national defense, must be borne by taxation. So long as we are able to meet those responsibilities from our present income we shall not impose new taxes. But we are among the least taxed people in the world and, therefore, when necessity arises, we should be willing to accept the burden of increased taxation. Liberty and independence can be possessed only by those who are ready to pay the price in life or fortune.

To enable us more adequately to meet the new responsibilities of the Commonwealth and to raise the living conditions of our people, we must increase the wealth of the nation by giving greater impetus to economic development, improving our methods of agriculture, diversifying our crops, creating new industries, and fostering our domestic and foreign commerce. I trust that the forthcoming trade conference between representatives of the United States and the Philippines will result in a more just and beneficial commercial relation between the two countries.

The establishment of an economical, simple and efficient government; the maintenance of an independent civil service; the implantation of an adequate system of public instruction to develop moral character, personal discipline, civic conscience, and vocational efficiency; the safeguarding of the health and vigor of the race; the conservation and development of our natural resources—these and other matters of equal import are touched upon at length in the platform of the Coalition and in my speech of acceptance of my nomination, and it is unnecessary for me to reiterate my views regarding them. Having been elected on the virtuality of that platform and the policies enunciated by me in the course of the presidential campaign, I renew my pledge faithfully to carry them into execution.

Good will toward all nations shall be the golden rule of my administration. The peoples of the earth are interdependent and their prosperity and happiness are inseparably linked with each other. Internation brotherhood and cooperation are therefore necessary. Amity and friendship, fairness and square deal in our relations with other nations and their citizens or subjects, protection in their legitimate investments and pursuits, in return for their temporary allegiance to our institutions and laws, are the assurances I make on behalf of the new Government to Americans and foreigners who may desire to live, trade, and otherwise associate with us in the Philippines.

In the enormous task of fully preparing ourselves for independence we shall be beset with serious difficulties, but we will resolutely march forward. I appeal to your patriotism and summon your nobility of heart so that we may, united in the common endeavor, once more dedicate ourselves to the realization of our national destiny. I face the future with hope and fortitude, certain that God never abandons a people who ever follow His unerring and guiding hand. May He give me light, strength, and courage evermore that I may not falter in the hour of service to my people!

MANUEL L. QUEZON,
President of the Philippines.

MANILA, *November 15, 1935.*

UNITED STATES HIGH COMMISSIONER

Section 7 (4) of the Philippine Independence Act provides for the appointment of a United States High Commissioner to the Government of the Commonwealth of the Philippine Islands who "shall be the representative of the President of the United States in the Philippine Islands."

The President appointed Hon. Frank Murphy, then Governor-General, as the first United States High Commissioner. His appointment was signed by the President on July 12, 1935, he took his oath of office in Manila on November 14 and entered upon the duties of his office immediately upon the completion of the inaugural ceremonies on November 15, 1935.

INDEX

	Page
Agricultural production and legislation	48–51
Appropriations	15–18
Aviation	35–37
Ballot, official	87
Banking and exchange	37–40
Budgets, Commission, Office	14–17
Byrns, Speaker Joseph W., speech at joint session, Philippine Legislature	105
Cebu-Portland Cement Co	45
Chromite	52
Civil Service, Bureau of	14
Coconut, desiccated, exports	22
Coconut oil, exports and quota	20, 22, 30
Constitutional Convention	62
Constitution of the Philippines	65, 84–86, 89–90
Copra	22, 49
Cordage	22, 30
Cotton textiles	23, 24, 31
Customs, Bureau of	14
Dern, Secretary of War George H.:	
Address at inauguration	128
Proclamation of, announcing change of government	133
Domestic trade and industry	40, 46–48
Economic conditions	20
Elections	91, 92, 98, 99, 124
Emigration (Filipino)	7
Executive and Administrative	13, 14
Expenditures	15–17
Exports	21–23, 27, 28
Forest production, legislation	53
Friar lands and large estates	13, 49–51
Garner, Vice President John N., speech at joint session of Philippine Legislature	102
Gold, production, exports	20–22, 51
Government personnel	20
Hemp (abaca)	22, 49
High Commissioner's office	4–11
Imports	21, 23–25, 28
Inauguration of the Commonwealth	1–4, 101, 127
Independence, concurrent resolution accepting Tydings-McDuffie Act	61
Industrial Relations, Court of	14
Justice, Bureau of	12, 14
Legislation, Commonwealth Government	11, 12, 27, 28, 33, 36, 39, 40, 47–53
Lumber, exports, production	22, 53
Manila Railroad Co	12, 13, 16, 17
Mineral production, legislation	51, 52
Murphy, Gov. Gen. Frank:	
Final message to Philippine Legislature	108
Appointed first High Commissioner	136
National Assembly	11–13, 16
National defense	12, 13, 18
National Development Co	16, 42, 45, 47, 48
National Economic Council	12, 46
National Power Corporation	46
National Produce Exchange	46
Passport administration	7

	Page
Philippine National Bank	15
Public finance	15, 18
Public order	18
Public works	16
Quezon, President Manuel L., inaugural address	133
Quotas	28–31
Radio Board	46
Revenues	15, 16
Rice:	
Imports, financial operations, policy, proclamations	23, 41–45
Commission	41
National Rice & Corn Corporation	16, 41–44
Palay	44, 48
Rice and corn fund	13
Shipping	34, 36
Social justice	14
Stock market	38, 39
Sugar, control, exports, quotas	20–22, 28–30, 34, 48
Supreme Court	20
Taxes, new	46
Tobacco, exports, imports	22–24, 49
Trade	20
Domestic	21, 40, 47
Overseas	20, 21, 25, 26
Trade conference	32, 33
United States citizens, registration of	7
Women's suffrage	12

○

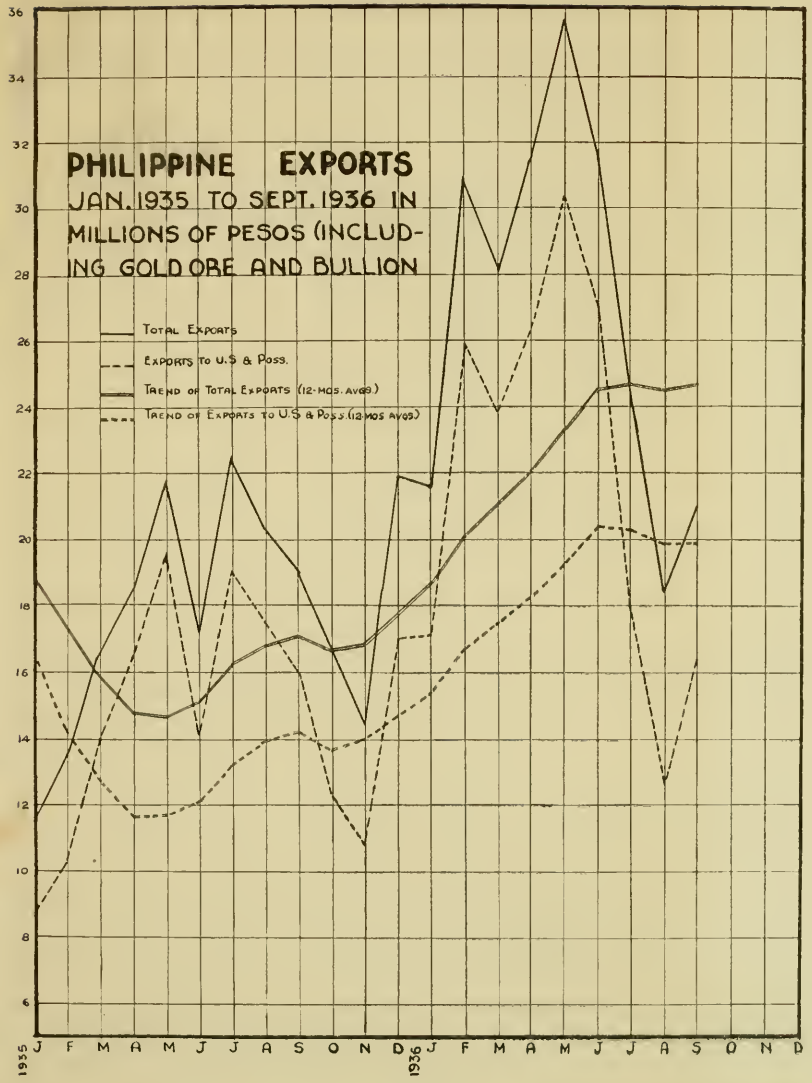


CHART 1-A

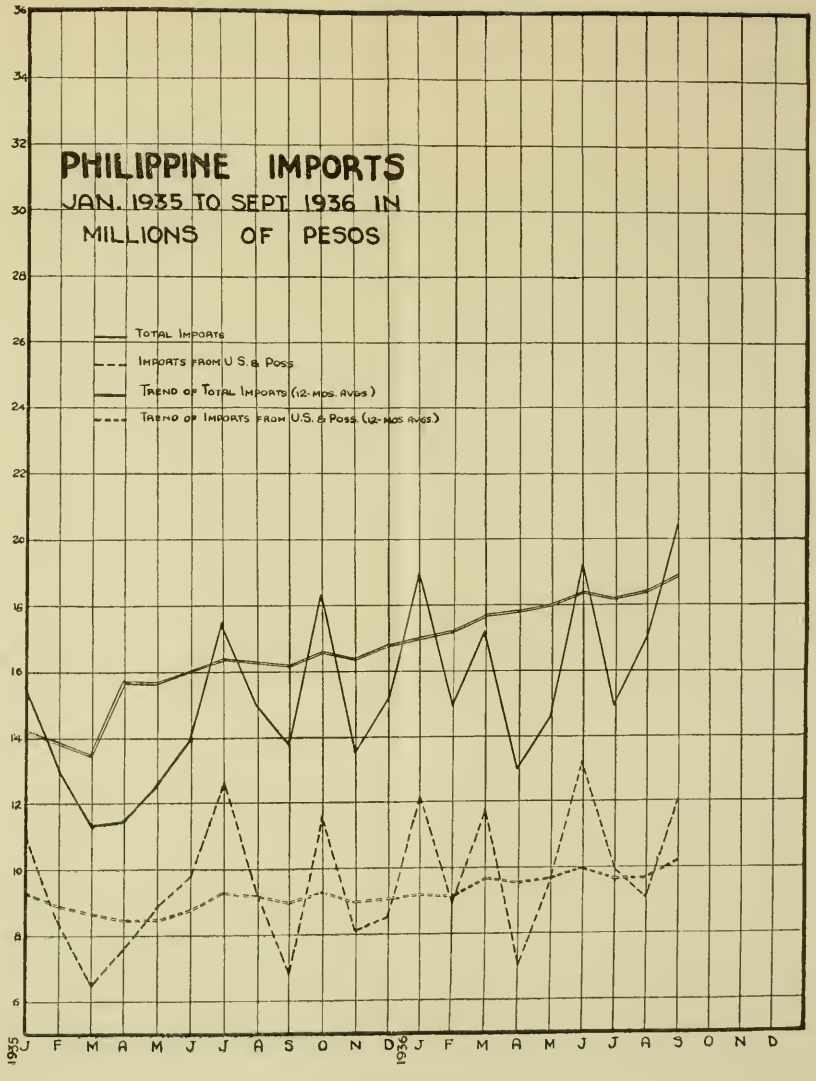
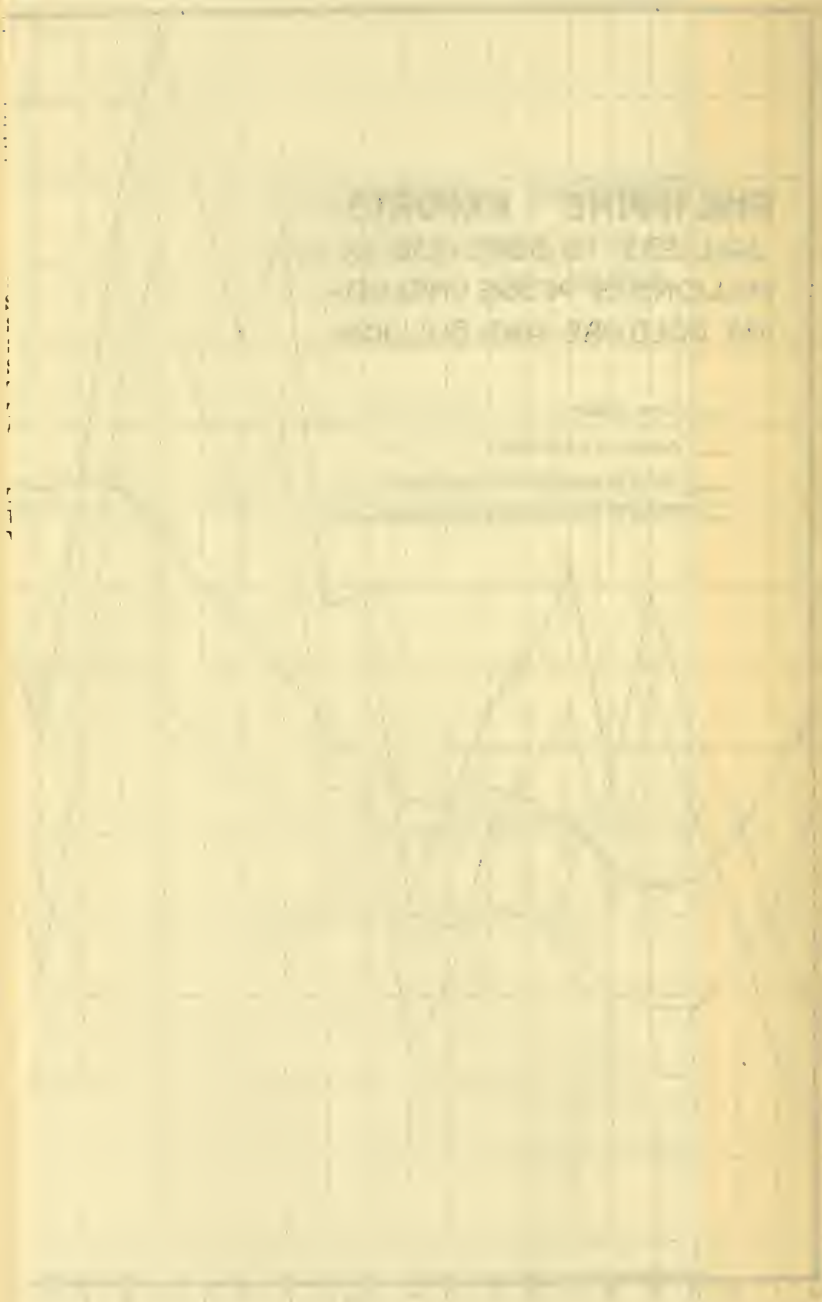
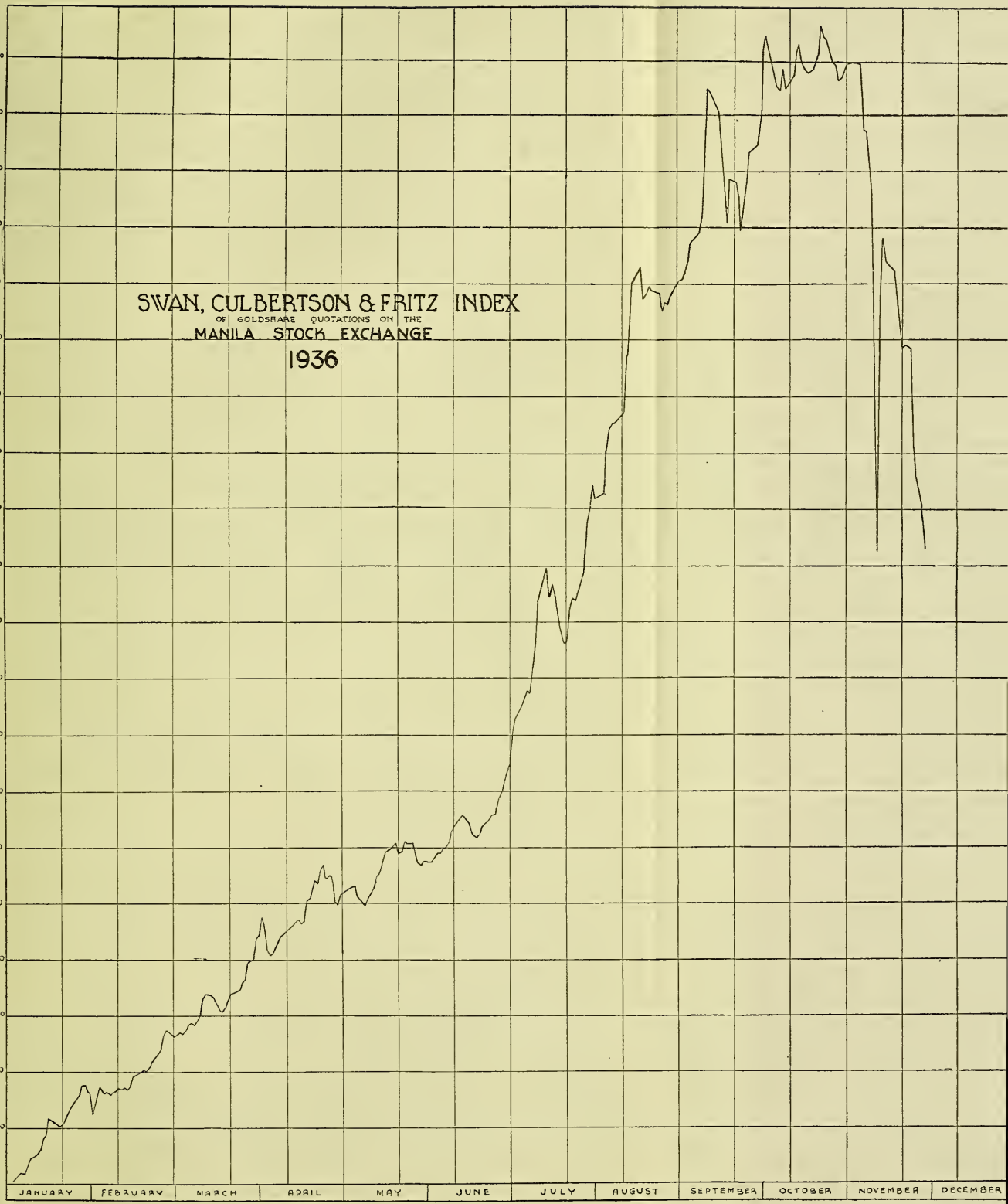


CHART 1-B

(Referred to on p. 22.)





1936

(Referred to on p. 39.)